GENERAL ELECTRIC

1968 ANNUAL REPORT

COVERS, front and back, show the arching simulated wood door handles of the Company's side-by-side refrigerator-freezers, a sell-out product in a year when the appliance business made a particularly strong contribution to General Electric sales and earnings. Capacity production is shown below at the Bloomington, Ind., plant. On the back cover the coppertone refrigerator-freezer to the left of the white unit includes a new feature: a custom dispenser inset in the door of the freezer which automatically fills a glass with ice or chilled water without requiring the door to be opened.

HIGHLIGHTS OF 1968

(In millions; per-share amounts in dollars)

Financial: On worldwide basis of consolidation	**1968**	**1967**
Sales of products and services	$8,381.6	$7,741.2
Net earnings	357.1	361.4
Net earnings per share	$3.95	$4.01
Dividends declared and paid per share	2.60	2.60
Total taxes per share	4.32	4.33
Earnings as a percentage of sales	4.3%	4.7%
Earned on share owners' equity	14.8%	15.9%
Plant and equipment additions	$514.7	$561.7

Financial summary begins on page 28; ten year summary is on page 36.

Operating

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NOTE: In this report, unless otherwise indicated by the context, the terms "General Electric" and "Company" are used on the basis of consolidation described on page 28. The corporate signature as it appears on the front cover is a trademark of General Electric Company.

EXECUTIVE OFFICES: 570 Lexington Avenue, New York, New York 10022

COMMENTS ON 1968 RESULTS AND THE OUTLOOK

In this 1968 Annual Report, special tribute is paid to the memory of Gerald L. Phillippe, who died suddenly on October 17. Mr. Phillippe had served as Chairman of the Board since December 1963, culminating a lifetime career in the service of General Electric. Major aspects of this Annual Report reflect his interests and leadership. As comptroller and chief financial officer over many years, he contributed to the Company's financial strengths and accounting procedures. His personal warmth and compassion led him to become the Company's prime mover in developing programs to help meet the problems of the cities, the disadvantaged and hard-core unemployed. In the interests of share owners he headed Company-wide programs to improve earnings and provide new channels of information and participation. His extraordinary example continues to guide the Company in carrying forward these and other programs he initiated.

In the generally favorable business climate that prevailed during 1968, General Electric made progress toward the long-term growth goals projected by management in the 1962-63 period. Prior to that time the Company for several years had been on a sales plateau at the $4-billion level. Forecasts indicated that if the Company continued only along the lines of the businesses it was then in, it would not realize the growth expected of it by share owners. Management encouraged General Electric people to seek new growth opportunities related to the basic core of electrical and electronic technologies in which the Company had the greatest capability. From the range of possible new initiatives, we selected for intensive development a number of new ventures judged to have the greatest impact on the future. These included nuclear energy, international growth in information systems, industrial automation, advanced jet engines, new chemicals and plastics deriving from our research for better materials for GE products, and new General Electric contributions to professional medical care, education and other community services.

Our sales volume for 1968 shows that these plans are succeeding. Sales advanced 8% during the year and passed the $8-billion mark for the first time. Much of this increase came from our new businesses. Our steady sales growth over the past four years gives the Company its strongest long-term opportunity to improve earnings.

In 1968, however, earnings did not keep pace with the increase in sales. Earnings of $3.95 a share were the second highest for the Company, below the $4.01 earned in 1967. Earnings for the year were affected by the Federal income tax surcharge and sharp increases in the costs of labor and materials. Our rapid sales growth has itself been a limiting factor on earnings, requiring new investments in plant and equipment both in our new ventures and in many of our established businesses as well. Annual expenditures for plant and equipment have more than tripled since 1960.

Management at all levels is keenly aware that the task of translating a greater part of sales growth into improved earnings per share is the most urgent challenge before us.

In terms of our new technologies, the Company is entering a new phase in which our investments are, progressively, beginning to bear fruit. Certainly nuclear energy, in terms of dynamic sales expansion, is more than justifying the expectations that management held for it a decade ago. By the end of 1968 we had worked off or provided for the estimated excess costs resulting from the "turnkey" commitments made in the 1963-66 period to help establish the business. General Electric has led in building not just a business but an industry. With 44 nuclear plants completed or on order at the end of 1968, and with production scheduled well into the 1970's, our reactor systems operations alone have grown into a substantial business. And in our efforts to provide a full range of nuclear services we have also been developing interrelated businesses in nuclear turbine-generators, fuel fabrication and the reprocessing of spent fuel.

The Company's investments in computer technology have given us an expanded worldwide base in what has been characterized as the world's fastest growing business. Again, our developing capability to serve this industry is leading to further new

Mr. Borch, left, with Vice Chairmen William H. Dennler, Jack S. Parker and Herman L. Weiss.

opportunities. We continue to hold leadership in the accelerating market for time-sharing computer services and are also building a business in the input-output and storage devices that represent a market of major importance.

In another favorable 1968 development, the Company established a new foothold in the business of supplying jet engines for commercial aircraft. Although development costs of engines for the McDonnell Douglas DC-10 passenger planes will for some time have an adverse impact on earnings, we regard these as sound investments in a business with a great future.

General Electric has become one of the major U.S. "space" companies—an achievement that was gratifyingly rewarded in 1968 when our aerospace specialists made substantial contributions to the epic Apollo mission orbiting the moon.

And our work in such areas as transportation, medical care, education, construction, vandal-proof plastics and outdoor lighting are making General Electric an increasingly strong source of new developments aimed at improving the quality of life in our urban centers.

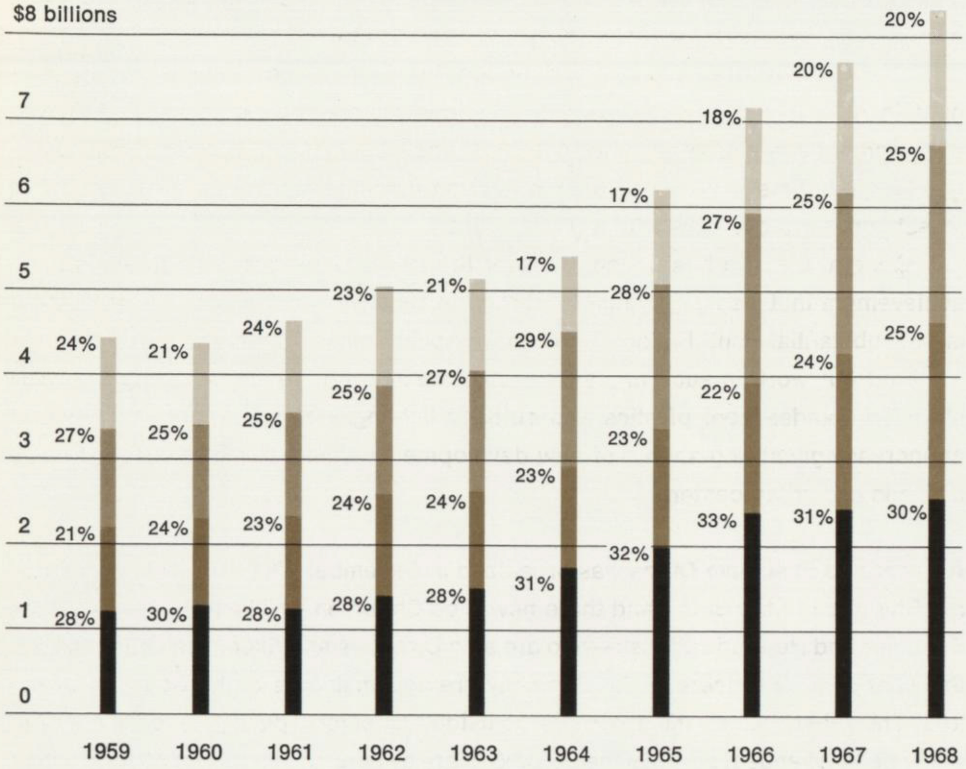
A Corporate Executive Office was organized in December 1968. The Office includes the Chairman of the Board and three new Vice Chairmen—William H. Dennler, Jack S. Parker and Herman L. Weiss—who are also Directors and Executive Officers. With this change, four officers of the Company are now members of the Board of Directors. The other sixteen members are "outside" Directors, distinguished leaders in many fields of endeavor. Thus the 530,000 share owners of General Electric continue to be represented by a Board whose members bring to the Company both an intimate knowledge of GE operations and a depth of experience in a broad range of other fields of service to the public.

Looking ahead, we see the U.S. and world economies entering a new period of long-term growth in spite of some short-term economic uncertainties. General Electric is well positioned to realize profitable growth from the new opportunities that develop. The orderly expansion of our established businesses and the progress of our new ventures are providing a broader base on which to grow. And the management teams of the new organization structure that went into effect at the beginning of 1968 are taking confident hold of the opportunities in their assigned markets. In the fall of 1969 our three-year contracts with labor unions representing many General Electric employees expire. Informal discussions pointing toward a peaceful resolution of new contracts were initiated during 1968, and we will make every reasonable effort to insure that all General Electric people continue to apply their talents uninterruptedly to the important and satisfying work that lies ahead.

Fred J. Borch

Chairman of the Board and Chief Executive Officer
February 20, 1969

General Electric worldwide sales 1959-1968



Worldwide sales shown here derive from four broad categories of goods and services.

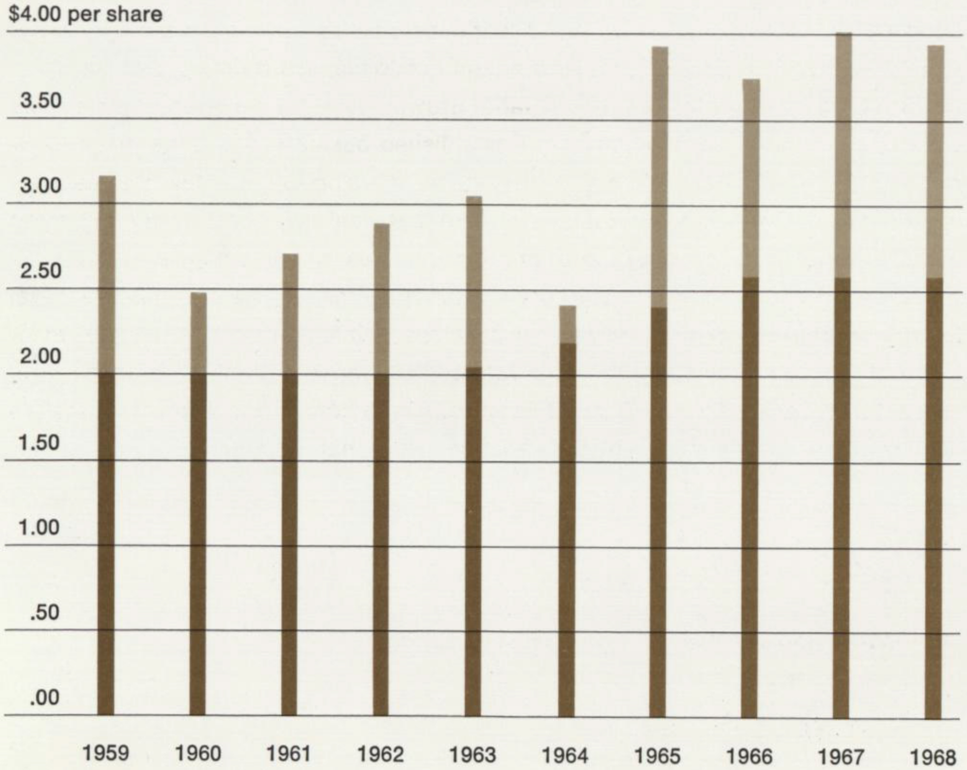
Aerospace and Defense Products and services for the nation's security include missile and space systems, military aircraft engines, radar, sonar and other equipment.

Consumer Products range from major home appliances and electronics to light bulbs and small housewares.

Heavy Capital Goods include turbine-generators, nuclear equipment, large motors, locomotives and commercial jet engines.

Industrial Components and Materials include chemical and metallurgical products, construction materials, computers and x-ray equipment.

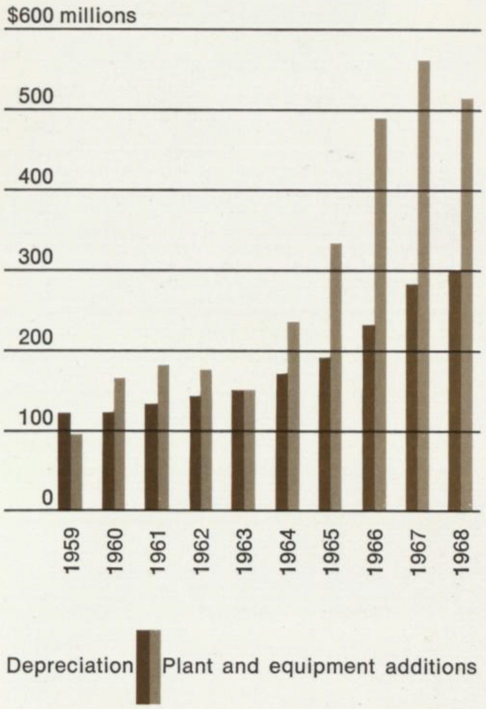
Dividends declared for the 70th consecutive year



Cash dividends declared in 1968 continued the uninterrupted record of quarterly dividends which began in 1899. Earnings and cash dividends declared for the past 10 years are shown on this chart. The 1968 declaration was 66% of net earnings, compared with an average rate of 69% over the 10 years shown, and a 67% average for the entire 70-year period. There have been, from time to time over the 70-year span, dividends distributed in the form of stock.

Doubling of capacity to produce power generation equipment by 1973, tripling of nuclear facilities, a major new appliance complex—these and other new construction programs add up to the greatest array of plant expansion projects in General Electric's history. Objective: to meet customers' increasing needs more fully and swiftly; and to achieve cost improvements through innovations in sophisticated procedures and equipment. Employee at left is at work in a new facility completed in Pittsfield, Mass., in 1968. It is the new GE center for power transformer technology, providing "years ahead" capability to meet utilities' needs for larger transformers. New GE Filterglow lighting system with Lucalox® lamps provides strong lighting for reliable work. Mobile work stations, radio-controlled overhead cranes and a carefully engineered production flow shorten the manufacturing cycle. Expenditures for plant and equipment additions, compared below with depreciation, exceeded $500 million for the second consecutive year.

Investment in new facilities 1959-1968



REVIEW OF 1968 OPERATIONS

General Electric had 170 decentralized operating departments focusing on separate aspects of world markets in 1968. Its production ranged over some 3,000 different categories of products and 200,000 different models and sizes. Its multinational operations included 280 separate manufacturing plants in 33 states of the United States, Puerto Rico, 5 Canadian provinces and 22 other countries around the world. Some 400,000 General Electric employees were engaged in many of the year's newsworthy events—from the manned lunar mission of Apollo to a new probe into the potentials of oceanics.

Out of the summary of the varied 1968 activities that follows in these pages, several significant overall themes and these common denominators emerge:

- The Company's increasing diversity. Growing outward from a central core of electrical technology, General Electric has become also a vital contributor to space, electronics, automation, powerplants for transportation, chemicals and plastics, computers and nuclear technology.
- An accelerating growth in service businesses. In addition to supplying products, General Electric is increasingly active in services that range from information processing centers to training nuclear powerplant operators.
- A greater social content. General Electric people are bringing their technological strengths increasingly to bear on the more urgent problems of society, as exemplified by new approaches to low-cost housing, control of air and water pollution, medical electronics and new opportunities for the disadvantaged.
- A continuing customer orientation, represented by this report's coverage of the many product innovations that are bringing new advantages and benefits to customers and of expanding productive capacity to meet customers' needs.
- A determination to improve earnings for share owners, as evidenced by intense efforts to improve operating efficiencies, reduce costs and secure revenues that better reflect added product values.

Aerospace and defense: emphasis on long-term projects

General Electric is a major defense supplier. The Company's strength in this broad market lies in the long-term, strategic nature of the great majority of its military commitments and in the depth of its research and development activities for government agencies.

GE business in aerospace equipment, as an example, showed substantially increased sales in 1968. Some of these businesses, such as armament systems for certain planes and helicopters, are affected by changes in Vietnam. But the far larger part of the sales gain resulted from such non Vietnam-related programs as a new long-range radar for the nation's defense.

Because of Federal budget cuts, the outlook for the Company's aerospace departments is for a stable business rather than further strong growth in the near future. "Spin-off" activities applying space technologies to civilian problems offer new opportunities for this type of business.

The Company expects to hold a steady share of the aerospace markets it serves by maintaining a high rate of technological contributions to major long-range programs. Supplementing the developments pictured, these include:

- Apollo lunar programs, for which the Company is aiding NASA in the areas of tech-

Long-term developments for greater U.S. security highlighted General Electric's 1968 aerospace and defense activities. Bulb-nosed ship at left houses GE-developed AN/SQS-26, powerful new surface ship sonar for the Navy's anti-submarine detection forces. The year saw the first pad launch (below) of the U.S. Navy's Poseidon submarine-based fleet ballistic missile, whose advanced fire control and inertial guidance systems are being produced by General Electric. Pattern resulted from the missile's vapor trail, with the spiral effect caused when the second-stage separated from the nose cone.

nical support, checkout and reliability services and is operating their Mississippi Test Facility, where Saturn V launch vehicles are tested. In the Apollo 8 flight orbiting the moon, more than 6,000 GE employees were involved in activities that spanned computer work, support for rocket test firing, splashdown television coverage and neutron radiography.

- The Manned Orbiting Laboratory for the Air Force, for which the Company is responsible for developing and integrating the flight experiments.
- Minuteman III re-entry systems, latest in the series of GE systems for bringing the payloads of ballistic missiles back through the earth's atmosphere. The operational contract for the new series was awarded in 1968.
- Perimeter Acquisition Radar for the Sentinel anti-ballistic missile defense system employing modern high-speed electronic scanning methods.
- Swiveling gunners' stations for use on the Army's new combat helicopter, the AH-56A Cheyenne. The GE equipment includes the first airborne laser ranging system designed for production quantities. This system can pinpoint small ground targets.
- Satellites—the Nimbus weather series, the Orbiting Astronomical Observatory control systems, the recoverable Biosatellites and others, representing prime development or major portions of over half of all U.S. satellites.

As a socio-economic contribution, the Missile and Space Division played a major role in establishing the first Negro owned and operated aerospace company, Progress Aerospace Enterprises, Inc. The division assisted in training technicians, awarded the firm its first contract and evaluated its first piece of delivered hardware, a component for a GE space project.

Sales of GE military aircraft engines dipped slightly, primarily as the result of declining volume for the J79 engine which has long been a workhorse in military aircraft.

Production of military engines entered a new phase when the initial production TF39 engines for the C-5 Galaxy transport were accepted by the Air Force and this big powerplant went into full production.

First flights of seven new types of military aircraft powered by General Electric engines were made in 1968. The Company fared well in design competitions for new military engines. A GE engine was named by the Navy to power its new anti-submarine warfare aircraft. The Company received one of two development contracts to build a high performance engine for a new fighter to be used by both the Air Force and the Navy.

In international markets, the Company secured major new commitments from overseas customers, ranging from engines for short-takeoff-and-landing transports to powerplants for new helicopters and fighter aircraft for U.S. allies.

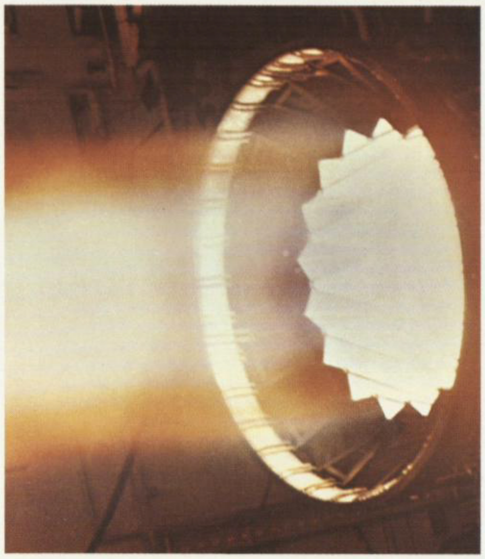
New thrust in commercial aviation

General Electric's position in commercial aviation was strengthened in 1968 by orders for engines to power the McDonnell Douglas DC-10 Trijet, or airbus, being developed for major airlines. The first CF6 engine for this plane went on test ahead of schedule in October and promptly exceeded its guaranteed performance levels. A growth version of the engine will power long-range DC-10's.

During the year the Company also continued to test the world's most powerful aircraft engine—the GE4 for the U.S. supersonic transport.

BEWARE OF BLAST
DANGER

A new generation of larger, faster planes is in development, powered by General Electric jet engines. The C-5 Galaxy military transport shown at left receives its power from four GE TF39 engines. Its first flight came in June. In subsequent test flights it lifted by far the greatest loads ever airborne by an aircraft. The Air Force recently exercised its option to buy additional C-5 aircraft and TF39 engines. A second new GE-powered plane is the 270-seat McDonnell Douglas DC-10 passenger jet (below), which uses GE CF6 turbofan engines. Farther out in the future is the U.S. supersonic transport whose GE4 powerplant (bottom), has been tested at thrusts more powerful than for any previous jet engine. Airlines' current reservations for SST's will require 500 GE 4 engines.



As previously reported to share owners, the costs of developing these advanced commercial engines are having an adverse impact on current earnings.

The number of GE-powered business jets passed the 500 mark, making the Company clearly the leader in this business.

In the application of modified aircraft engines for marine use, a new marine gas turbine is under study both for Navy destroyers and commercial ships. Fiat of Italy signed an agreement for joint development of this engine in Europe.

As part of the Company's commitment to aviation, a new altitude test facility went into operation at the Evendale, Ohio, plant. It simulates speeds up to three times the speed of sound and altitudes over 80,000 feet. GE engineers made progress in developing techniques that reduce both the noise of jet aircraft and their emission of pollutants on takeoff.

The Company is also an innovator in aerospace electrical and electronic equipment including systems for flight management, flight controls and engine controls.

Consumer products: appliance demand taxes production capacity

Overall sales of consumer products in 1968 were up significantly over 1967, despite a softening of demand for some product lines in Europe, and strong competition from foreign imports in consumer electronics products. The percentage increase in earnings for consumer product operations exceeded the related gain in sales, even though average price levels for General Electric consumer products remained below those of a decade ago.

The surcharge on Federal income taxes enacted in 1968 is expected eventually to have some effect in reducing consumer demand. But over the longer term the Company is planning for further growth—particularly in the appliance retail, export and builder markets in which it is the leader.

Major appliance developments led the way in improved results for consumer goods. Sales of all lines required maximum production at all plant locations including recently expanded Appliance Park, in Louisville, where manufacturing capacity is almost double that of a decade ago.

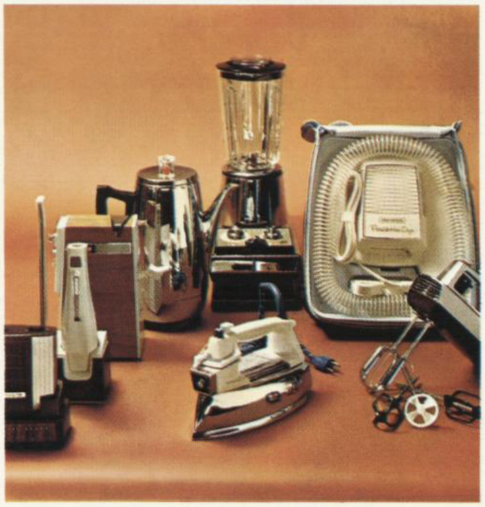
And with the major appliance industry expected to at least double again in the next decade, the Company took an option in 1968 on 1,100 acres at the new city of Columbia, Md. Major new manufacturing and warehouse facilities at this location will serve customers in the Eastern market for both the Company's Hotpoint and General Electric product lines.

At Tyler, Texas, where central air conditioning equipment is produced, both the product scope and manufacturing capacity are being expanded. General Electric now supplies central units capable of air conditioning anything from a house to a factory, and these units are sold all over the world.

The General Electric Versatronic® range, combining electric and electronic cooking, reached the stage of national distribution. Because the range cooks rapidly and thaws frozen foods quickly, it is expected that it will change American cooking habits and stimulate freezer sales.

The Company's television sales showed major improvement over 1967, with color TV realizing its best sales year. This gain reflected in part the favorable dealer and consumer response to the new product line introduced in June. Equipped now

The young couple at left were born during the upsurge in the birthrate following World War II. Now 22, they are at the average marrying age. In their plans for their own apartment or home they want to surround themselves with electrical servants—appliances, housewares, electronic entertainment, the ease of electric heat and air conditioning. Their presence in the economy —in numbers that in the 1968-80 period will average 50% higher than over the past 17 years —will add powerful new thrust to the markets for consumer products. General Electric has launched major new expansion programs in part to meet the demands they will add to present markets. The Company includes two other brands to compete for their favor— Hotpoint, as represented below by its new Duo-load® washer that will simultaneously wash two separate clothing loads (color-fast and non color-fast), and Universal by General Electric, offering a varied line of housewares.



to manufacture virtually all its own picture tubes, the Company is producing sets with high quality and reliability.

The Company has 19 manufacturing facilities at 9 plant locations and 120 sales and distribution facilities serving appliance, television and central air conditioning dealers as well as builders and contractors who use these GE products.

Sales of portable and console phonographs were strong for the year. In radio and tape recorders, General Electric countered the intensified pressure from imports by developing new economies in U.S. operations and expanding component and product production in the Far East. A light-valve video projector, capable of producing color pictures up to 20 feet wide, was introduced for use in the broadcasting, entertainment and education fields.

Housewares' higher sales were sparked by bright new colors and by the success of earlier product innovations such as the GE hairsetter. The Company brought out new lines including a mist hair dryer and "Mod" designs in clocks. After 64 years of production, the Company produced its 100 millionth electric iron in 1968. The increased sales volume included higher sales of housewares in international markets.

Sales gains of General Electric lamps were paced by the photolamp business, building on new developments in flashcubes and home movie lights. The year also saw greater demand for miniature lamps used for the automotive industry. Increasing attention to safety and convenience has resulted in a 35% increase in lamps per car over the last five years. Expecting the overall use of light to triple during the next ten years, the Lamp Division has launched the greatest facilities investment program in its history.

Product service for major appliances was further strengthened in 1968, when the integration of General Electric and Hotpoint service operations was completed. The service structure for these products now includes 76 factory service locations employing 4,400 service people and utilizing some 2,000 radio-dispatched trucks. For service on small appliances and portable consumer electronics products, 55 Housewares Servicenters are located in major metropolitan areas. Additional thousands of factory-trained servicemen are employed by franchised dealers and authorized independent service agencies.

GE developments help meet expanding community needs

General Electric worked toward new technological contributions in 1968 to help meet the growing number and intensity of problems of community life.

Transit: Increased business for General Electric in metropolitan transit equipment in 1968 included a record single order for propulsion systems—350 cars for the Long Island Rail Road. The Company is participating in innovative developments to bring greater speed and convenience for travelers. GE propulsion and control equipment demonstrated 160-mph capability in passing acceptance tests for the new high-speed train service between New York and Washington initiated by Penn Central and the U.S. Department of Transportation. In Cleveland, cars equipped with GE propulsion systems provided the first U.S. rapid transit service linking downtown directly to the municipal airport. The Company also received a Department of Transportation design contract for a Tracked Air Cushion Vehicle. Riding on a thin cushion of air, TACV's are expected to travel at speeds in the 300-mph range.

Health: Benefiting from increased health programs spurred by Medicare, General Electric's medical business grew strongly in 1968. The Company is now the nation's largest producer of professional medical apparatus.

An important x-ray development is that of image intensification. By electronically amplifying the fluoroscopic x-ray image and intensifying it many thousands of times, this GE development permits the use of television displays and permanent recordings on video tape or film. It has so improved x-ray diagnostic capabilities as to greatly reduce the need for exploratory surgery in modern medical practice.

Building outward from its base in x-ray, the Company is making new advances in biomedical electronics, exemplified by sensitive new electronic systems for continuous monitoring of critically ill patients.

Education: General Learning Corporation, the educational affiliate of General Electric and Time Inc., continued in 1968 to operate the Job Corps Center in Clinton, Iowa. By year end, the center had provided basic education, work skills and citizenship training for some 3,000 disadvantaged girls.

General Electric authorized contributions of $2.9 million for support of U.S. education, including increased support of minority school curriculum development, awards through the GE College Bowl program and grants of instructional equipment. The General Electric Foundation, a trust established by the Company in 1952, contributed $1.2 million to more than 725 educational institutions. Its annual report is available on request.

Public Safety: General Electric worked with major cities to use improved lighting as a weapon in fighting crime and reducing traffic accidents. In New York City, a controlled study of five precincts equipped with modern GE lighting systems showed crimes of personal violence were cut in half. In Chattanooga, Tenn., and Indianapolis, Ind., area relighting helped to reduce crime by 85 to 90%; the Indianapolis traffic accident rate dropped over 50%. A major offshore GE lighting project in 1968 was the relighting of main streets in Bogotá, Colombia.

Mobile communications: Increased GE sales in 1968 reflected increased use of the Company's mobile two-way radio systems by police and fire departments.

Vandal-proof plastics: With a national cost of $20 million in broken school windows in 1967, more and more schools have installed windows made of Lexan® rock-proof polycarbonate developed by General Electric.

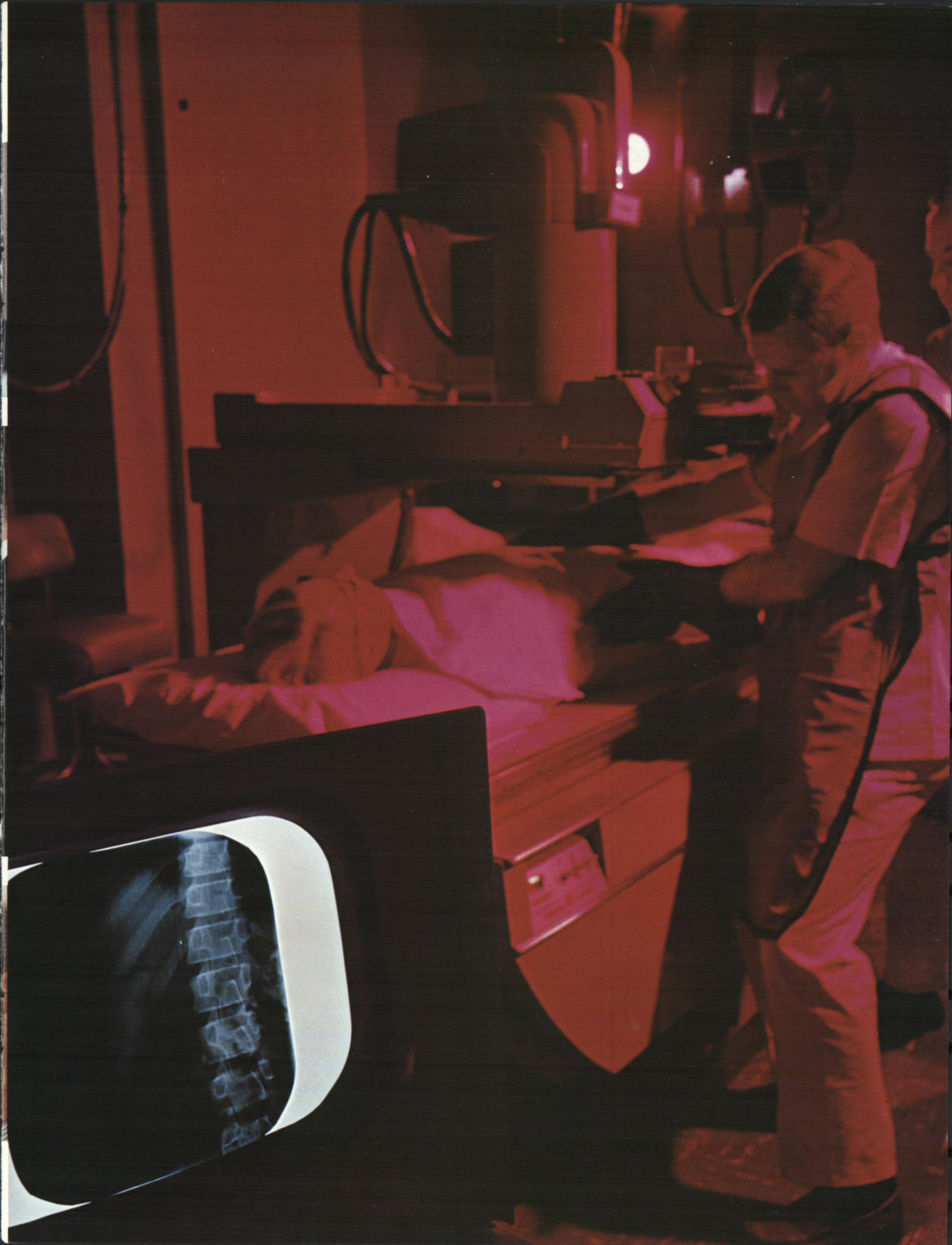
Broadcasting: The General Electric Broadcasting Company purchased the Metropolitan Television Co., operating stations KOA and KOA-TV in Denver. The Company now operates three AM and three FM radio stations as well as three TV stations and a number of cablevision companies.

Food service: A fast-growing market for General Electric products is that of the food service industry. Challenged by an acute labor shortage, the industry is shopping for new ways to increase kitchen staff efficiency. GE developments include convection ovens with coated interiors that reduce cleanup time by 75% over standard ovens, and a series of improved conveyor dishwashers.

Construction: With levels of construction in recent years falling below national needs, particularly in housing, industry economists foresee higher levels in 1969. Moreover, the trend toward all-electric construction has been strengthening.

In addition to supplying appliances and comfort conditioning equipment, Gen-

The broad range of General Electric developments to help improve the quality of life in communities is represented by: (right) Improved medical care through electronic amplification of a fluoroscopic x-ray image and television display to aid diagnosis. (Below): Convenient rapid transit linking downtown Cleveland with the municipal airport relies on GE propulsion systems for its cars. Trip takes about 20 minutes.



eral Electric is ready with a coordinated approach to the construction market and with new developments in products that supply the "electrical backbone" of homes and buildings. Busways for electric power distribution, wire and cable, fluorescent ballasts, electric panelboards, switchboards, circuit protective and control devices —even laminated plastic surfaces—are included in the Company's product span. A significant 1968 product innovation: a completely redesigned remote control wiring system for commercial buildings that provides improved reliability and dependability.

Industry: strength in selling advanced systems

The Company's industrial sales showed a modest increase in 1968 and earnings were maintained at a high level. In terms of orders, the businesses serving industry encountered mixed markets. Requirements for communication equipment and automation systems were larger than ever before. But orders for basic drive systems and equipment, particularly for the steel industry and railroads, were below 1967 levels.

Motors and generators from General Electric provide much of the muscle power for American industry. During 1968 the motor and generator departments continued product design and research activities aimed at putting more power in the same sized motor while reducing cost and improving quality. A new line of permanent magnet d-c motors, as an example, offers greater safety and lower operating costs to industrial customers. At the other extreme of motor and generator size, 14 General Electric hydroelectric generators—each as heavy as nine locomotives—are being supplied to the John Day Lock and Dam in Walla Walla, Washington. This was the largest hydroelectric order ever received by the Company.

With farming becoming increasingly automated, the Company introduced a new line of single-phase a-c motors of up to 50 horsepower providing power for crop dryers, saws, forage blowers and irrigation pumps.

The Company further developed its technological leadership in industrial process control. GE numerical controls automatically guide machine tools through complex machining operations, some that are beyond human manual control. In 1968, a GE computer in Schenectady directed the operation of numerically controlled machines in separate factories miles apart—demonstrating new potentials for automation. The process control line also includes highly sensitive instrumentation that can detect minute changes in industrial processes and GE/PAC® process control computers capable of controlling entire production sequences for industrial customers. An important factor in the growth of these businesses is the systems knowledge and capability to design, manufacture and service automated systems for industry.

Supporting General Electric's activities in industrial markets is an industrial sales organization which coordinates the selling of products manufactured by many departments. It also provides after-sale service through a network of 67 service shops and more than 2,000 installation and service engineering personnel.

Components and materials produced by General Electric for inclusion in the products of other manufacturers cover a wide range. Sales of appliance components such as motors, compressors, timers and controls paralleled the year's rise in appliance markets. At the DeKalb, Ill., facilities, General Electric produced its 50 millionth motor of the type used on washing machines, dishwashers, food disposers and dryers. Stepped-up production was required to meet demands for smaller thermostats

A 1968 report prepared for the President's Committee on Urban Housing by TEMPO, General Electric's center for advanced studies, indicates that housing construction needs during the 1968-78 period will approximate 27 million units, calling for rates of construction far above present levels. General Electric is producing and marketing a range of products that can benefit from the expected upsurge. GE construction materials, appliances, heating and cooling equipment and lighting are used throughout Lake Point Tower in Chicago, pictured at right. Weathertron® heat pumps (below), are among many GE products used in the Calabasas Park residential development near Los Angeles. A Company study to help solve military housing problems for the Department of Defense includes plans for a mobile factory for on-site manufacture of structural components—a concept with potential for low-cost housing projects.

for appliances and timers for automatic defrosting of refrigerators.

Through innovations growing out of its search for better materials, General Electric has developed a varied chemical business. The long-established business in silicone chemicals has been extended by a family of engineering plastics with properties that enable them to replace metals in many applications. This new business became a contributor to General Electric earnings in 1968.

Special metals and Man-Made® industrial diamonds are finding increased markets. Sales of Carboloy® cemented carbides were strengthened in 1968 by the growing importance of tunnel boring and oil well drilling equipment.

As a supplier of electronic components, the Company took steps during the year to accelerate its participation in the "new electronics" of integrated circuitry. This advance in micro-miniaturization permits many electronic devices to be incorporated on a silicon chip no larger than the head of a pin.

All in all, General Electric developments in products, systems and services to improve industrial productivity have made industry the Company's largest customer.

Information systems: developing a multinational business

General Electric's information systems business made significant progress in 1968 with sales well above those of 1967 and with operating losses substantially reduced. Coordination of international operations with those in the U.S. was well along. And the Company continued its leadership in the highly promising field of time-sharing computer services by substantially expanding its world capacity and volume of service during the year.

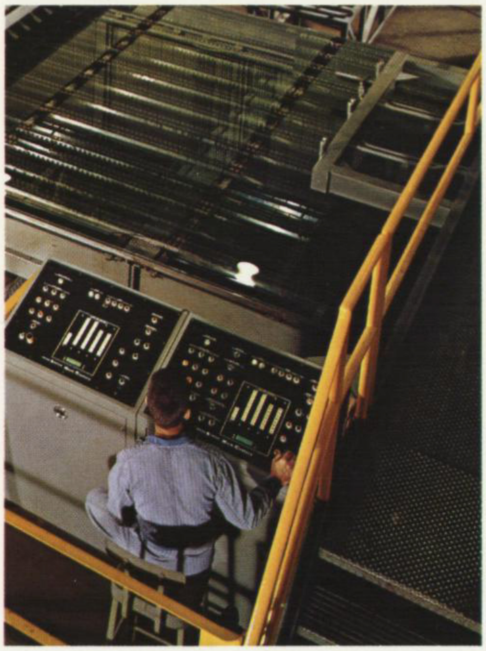
As previously reported to share owners, information systems is one of General Electric's chief areas of investment for the future. Although experiencing current operating losses, the Company is establishing a base for profitable, worldwide participation in this key growth industry. More than $1 billion in GE information systems equipment is now installed and operating throughout the world.

In 1968 the Company secured full ownership of its Italian based computer affiliate by purchasing the remaining 25% of the business and renamed the affiliate General Electric Information Systems Italia. Integration of this operation with the French based Bull-General Electric and U.S. operations gives the information systems business a base in research, engineering and manufacturing facilities at 13 locations in 5 countries, backed up by a worldwide sales and service organization of 8,000 employees.

On a world basis, General Electric offers five product lines, starting with the small-scale GE-50 series, produced by Bull-General Electric in France. The Italian operation produces the 100 series, and in 1968 introduced a more powerful system, the GE-130. The US-designed 200 series continued to hold wide acceptance for its dependable computing power. The GE-400 line of medium-scale systems is produced in the U.S. and France and in Japan under a licensing agreement. The expanded large-scale GE-600 line had its record year in 1968 in value of orders received. The full range of this large system's capabilities is now available to users through a new RESOURCE plan which provides customers the share of computer resources they need, at a fraction of the total system's cost.

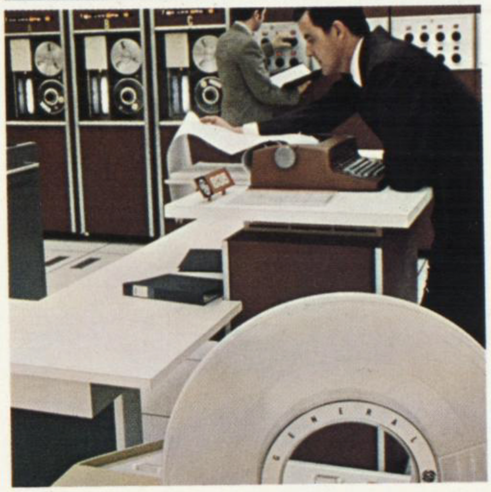
In 1968 General Electric broadened its line of input-output and storage devices,

Faced with increasing demand and rising labor costs, basic industries are steadily raising the proportion of their plant expenditures going into sophisticated automation systems that can improve productivity. Systems capability is one of General Electric's strengths. The Company furnished control equipment for the completely automated cement plant at Hannibal, Mo., pictured at right. In another example (below), a new automobile glass plant in Nashville, Tenn., relies on GE Mark Century® numerical control to guide up to 41 precise glass-cutting operations.



ULL
425
INFORMATION
PROCESSING
SYSTEM
HOURS

Information processing technology is the world's fastest growing major industry. General Electric has put in place an integrated production and marketing organization to serve this market in over 50 countries. Today, GE computers built by Bull-General Electric in France are at work for the Paris police (left) and in thousands of installations throughout the world. GE Information Systems Italia has more than 1,000 of its series 100 computers (below), installed or on order. In the U.S. the Company builds its large-scale GE-600 (bottom), for a variety of scientific, business and time-sharing uses. Northwestern National Bank of Minneapolis put two GE-600 systems into operation in 1968 serving its own expanding business needs and those of numerous correspondent banks.



and the Company rapidly extended its time-sharing services—by which many persons at scattered locations use the same computer at essentially the same time. By year end more than 50 GE time-sharing systems were in place, serving some 100,000 customers in 17 countries around the world. Although this market is relatively modest in scale today, it is growing even faster than the computer equipment sector.

Serving utilities: record shipments and expanded facilities

Continuing expansion of electric power producers' systems during 1968 enabled General Electric to achieve substantial increases over the previous year's record sales for power generation, transmission and distribution equipment. The Company's operations in large steam turbine-generators and industrial and marine turbines were standouts in improving sales, with the gas turbine business turning in improved results for the fourth consecutive year.

Operations serving utility customers made substantial investments in 1968 in new facilities. The new capacity is needed to shorten delivery dates on record unfilled orders and to meet future demands for all major types of utility apparatus.

Power generation equipment set the 1968 pace with the Company's highest volume of shipments of large steam turbine-generators. Expansion of capacity was pushed in new facilities in Charleston, S. C., and South Portland, Me. A massive investment program was also maintained at the Schenectady, N. Y., facilities. This added capacity has already permitted shortening lead time for large turbines and will double productive capacity by 1971.

Gas turbines, once a "futures" venture but now a profitable business serving industrial and utility customers, have outgrown the Schenectady facilities. In 1968, a new facility was dedicated in Greenville, S. C. Package powerplants to be built there will be nearly three times larger than units built in Schenectady.

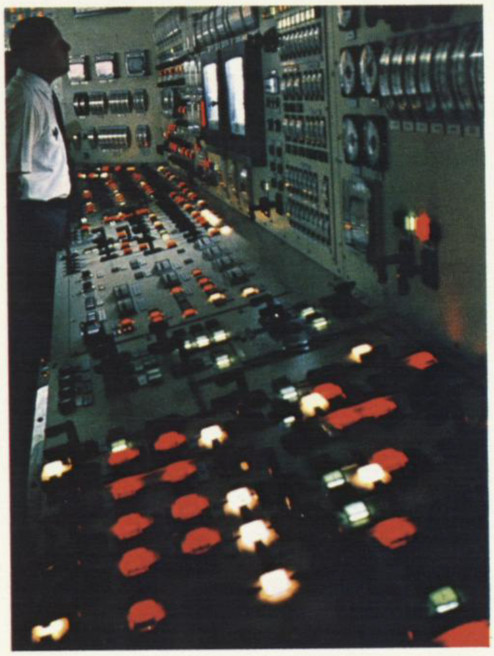
Nuclear orders received by the Company during the year included seven reactor systems with a total capacity of 6.3 million kilowatts.

At Wilmington, N. C., the Company's new nuclear equipment and fuel manufacturing facility began operation. When completed, the plant will more than triple present GE nuclear manufacturing capability. At Morris, Ill., ground was broken for the new Midwest Fuel Recovery Plant. On completion in 1970, the plant will be able to handle a substantial portion of the country's needs.

Among the significant 1968 shipments of large steam turbine-generators were four nuclear turbine-generators.

Thus nuclear technology is justifying the projections GE people saw for it in 1963 when the Company began accepting "turnkey" orders in order to help create a market and establish the nuclear business. Those orders involved total responsibility for the projects, including plant construction and integrating the equipment of other suppliers, and have led to higher costs than anticipated. As reported to share owners, these higher costs have been a major factor in keeping the nuclear business from becoming profitable. In 1968 provision was made for the estimated excess of costs to be incurred in future years over the remainder of the contract selling prices to be recorded as these turnkey projects are brought to completion. With these turnkey costs behind it, the Company has moved closer to the time when the nuclear reactor and fuel businesses will become contributors to earnings.

For General Electric's power generation businesses, 1968 was a year of emphasis on production, as illustrated at left by turbine-generator manufacture in Schenectady, N. Y. Units providing a total of 12.2 million kilowatts of capacity were shipped—a record as the Company began progressively utilizing the productive capacity of new and expanded facilities. To help meet the need for nuclear powerplant operators, a new General Electric training center was established at Morris, Ill. A GE computer-run control room, pictured below, employing a "real time" simulator, duplicates operating characteristics of the Dresden II Nuclear Power Plant. This technique confronts operators with all of the conditions encountered in running an actual plant.



Power transmission and distribution operations experienced a year of slower growth, reflecting a cyclical drop-off in utility orders for this apparatus. The Company's sales increase came partially from working off the backlog resulting from the high orders rates for the 1966-67 period.

Long term, however, the Company expects—and is expanding capacity for—increased demand, stimulated in part by new GE developments to meet a number of special needs of utility and industrial customers:

- Higher-voltage transmission. With 345,000-volt systems now widespread, the Company in 1968 supplied equipment for 500,000-volt transmission and for a 765,000-volt system scheduled for operation in 1969—the highest voltage system in the world. General Electric's new power transformer facility in Pittsfield, Mass., was built specifically to handle these higher voltages and to provide capability for 1.5-million-volt units now in prototype development by the Company.
- High-voltage direct-current transmission. At the end of 1968, General Electric was well along in its work on the nation's leading HVDC project—an 800,000-volt line for more economical transmission of Columbia River power 800 miles to Los Angeles.
- Reliability. Typical of GE innovations for more reliable electric power was the 1968 development of a new load conservation relay with integrated circuits that pulse two million times per second, monitoring electrical frequency. This automatic device is programmed to help eliminate interruption of service to customers.
- Appearance. New GE products improve the appearance of overhead and surface powerline equipment and reduce costs of underground distribution.

International: exports, affiliates show increases

The Company increased its exports in 1968, making a substantial contribution to the U.S. balance of payments. Exports from domestic businesses totaled $505 million, slightly above the 1967 level. Sales by Canadian General Electric Company, Ltd. increased 6% to $421 million. Sales by other consolidated overseas affiliates were $791 million, a 9% increase over 1967 volume.

Canadian General Electric Company, Ltd. is building a plant on Cape Breton Island to produce heavy water for Canada's nuclear energy program. The Company is also building the KANUPP Nuclear Power Station for Pakistan in which GE process computers will be in control of both the nuclear reactor and the plant's electrical output.

In Europe, the Company's numerous sales affiliates and manufacturing operations are helping further its participation in worldwide markets. During 1968, the growing technical competence of General Eléctrica Española S.A. helped the Company earn an order for three 500,000 kilowatt turbine-generators from Spain's two largest private utility companies.

In Latin America, the Brazilian affiliate's expanded lines included the production of locomotives. A 10% interest in General Electric de Mexico S.A. was sold to Mexican investors in a public offering to cooperate with the Mexican Government's program to encourage participation of its citizens in ownership of local industry.

Far East lamp production facilities are being expanded in India and the Philippines. The South African affiliate delivered its first diesel-electric locomotives, a start on an award of 90 units being produced locally under its supervision.

1968 research and development: generating three patents a day

General Electric conducts worldwide research and development activities to keep its products competitive and to open up new opportunities for business growth. In the United States alone, the Company employs 29,000 holders of college technical degrees, of whom some 17,000 are engaged in research, development and engineering, while others work in management, marketing, manufacturing or varied professional capacities. Almost one quarter have advanced degrees.

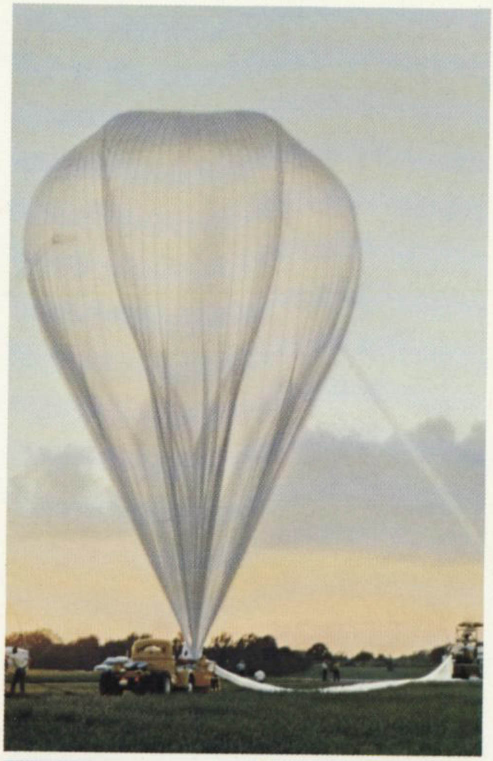
In 1968, the General Electric Company continued in the forefront as a prolific source of new developments. Over 1,000 patentable developments—or an average of about three a day—were generated, adding to the list of about 40,000 such inventions which GE has developed since the turn of the century.

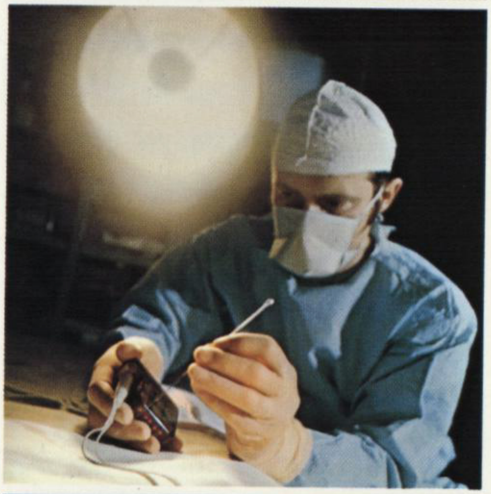
Holding 13,500 unexpired patents, General Electric in 1968 established a Business Opportunities Service which—through licensing agreements—will enable other firms to acquire rights to unused GE developments that have business potential.

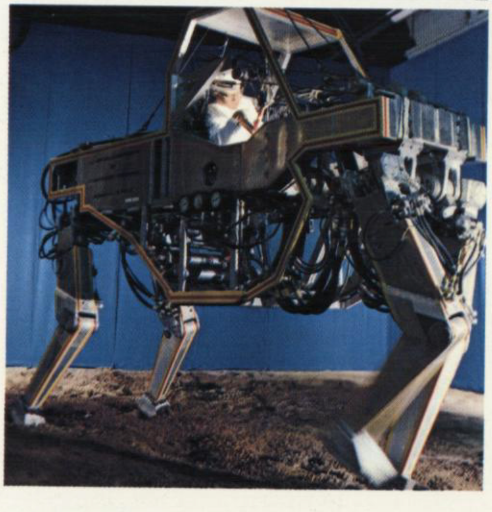
Serving the Company as a whole, the Research and Development Center in Schenectady employs 1,800 people of whom approximately 700 are scientists or engineers. The center conducts studies across most of the spectrum of today's major technological disciplines.

The Manufacturing Laboratory, also in Schenectady, develops advanced manufacturing processes, equipment and computer software systems. A 1968 example: a method for remote testing of transistors, by which a GE process computer in Schenectady conducts automatic analyses of transistors in Syracuse, permitting the operation to make use of computer testing without itself investing in a computer.

More than 100 other Company laboratories around the world are associated with business components. Typical is the work by the Missile and Space Division in oceanics. Tektite I, an underwater habitat system designed and built by the division, will be used in marine research and provide data on human behavior vital to future underseas and space missions.

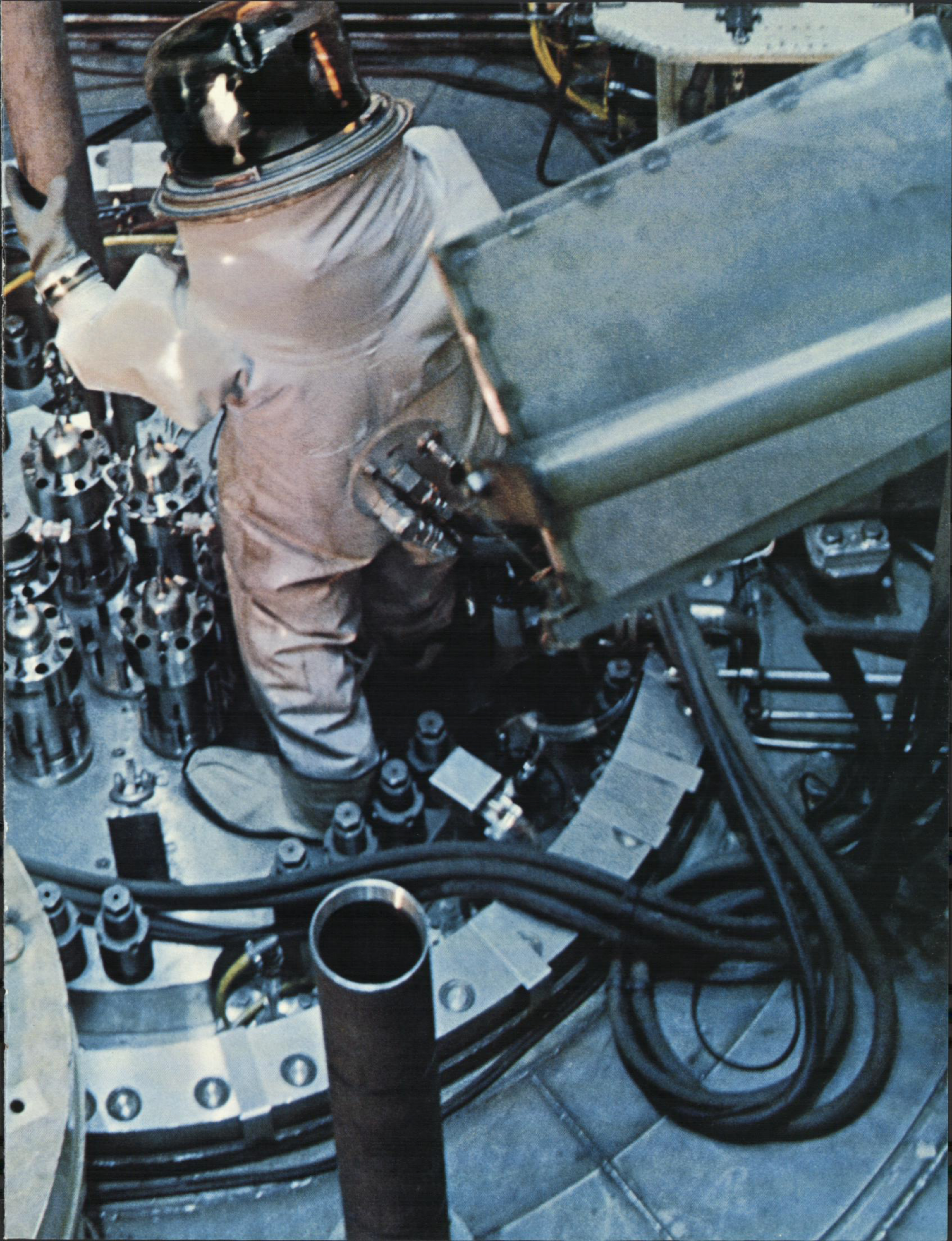


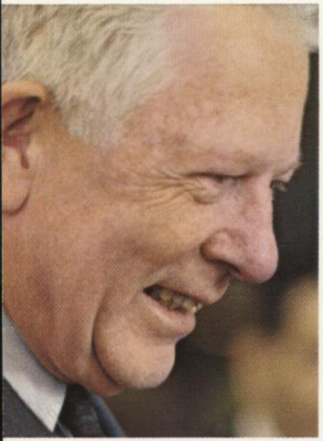




Pictured at right: The wide range of General Electric research and development activities, as exemplified by a sampling of 1968 projects of GE scientists and engineers.

- Determination of the composition of cosmic rays is the goal of a Research and Development Center project. Balloon (top right), carries aloft to altitudes of 140,000 feet a new nuclear particle detector comprised of large sheets of GE Lexan® polycarbonate, effective in tracking the rays.
- A new cardiac pacemaker (center right), implanted in the body, automatically responds when needed to regulate erratic heartbeats. Other new developments in health include: A new Electronics Laboratory technique that may more quickly detect and identify infectious diseases, including those caused by viruses; and an artificial lung device, being developed at the Research and Development Center in cooperation with Emory University, which will use a new modified silicone rubber membrane to "breathe" for patients undergoing surgery.
- Prototype of a four-legged "walking truck" (bottom right), at the R & D Center. Coordinated to match its operator's movements, but with greatly amplified strength, it tests systems aimed at giving U.S. soldiers greater mobility over severe terrain, and has promising potential for industry.
- Preparing for fuel loading at SEFOR (far right), the experimental fast-breeder reactor being developed in Arkansas by General Electric in association with Southwest Atomic Energy Associates. The only such U.S. facility fueled with plutonium, SEFOR will explore the potentials of breeder technology, by which plants will produce more nuclear fuel than they consume.



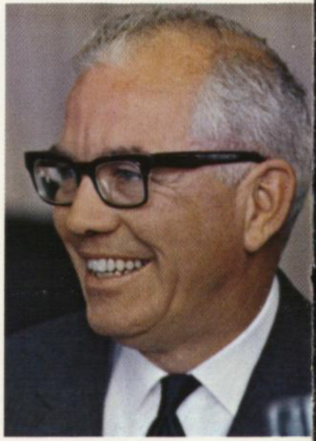


Mr. McElroy

Mr. Dent

Mr. Gates

Mr. Wriston

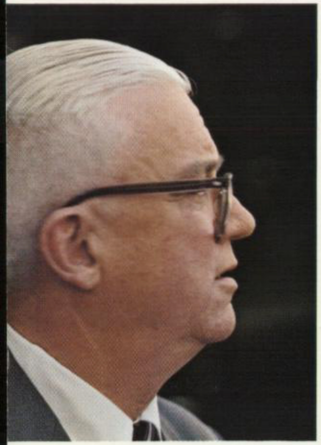


Mr. Littlefield

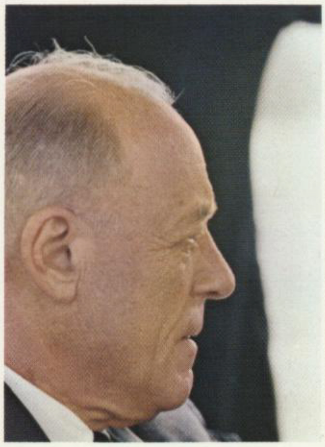
Messrs. Humphrey, Morgan, Harrison

Messrs. McGee, Scribner

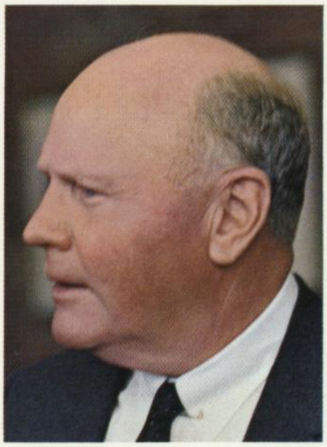
Mr. Austin



Mr. Stevens

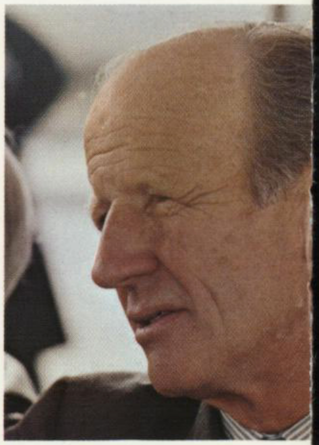


Mr. Hovde



Mr. Love

Mr. Lazarus



Mr. Lawrence

Directors

Board membership was increased to 20 in December with the election of three Officers as Vice Chairmen.

Pictures of "outside" directors (left), include those taken on two major tours in 1968: to Appliance Park in Louisville, and to Los Angeles to review the Company's work on DC-10 jet engines.

Directors listed below, with their principal affiliations and years of GE service, average 57.3 years of age and 9.0 years as General Electric Directors.

J. PAUL AUSTIN, President and Director, The Coca-Cola Company, Atlanta, Ga. (5 years)

FRED J. BORCH, Chairman of the Board and Chief Executive Officer, General Electric Company, New York City. (7 years)

WILLIAM H. DENNLER, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (Elected December, 1968)

FREDERICK B. DENT, President and Director, Mayfair Mills, Arcadia, S. C. (3 years)

THOMAS S. GATES, Chairman of the Executive Committee and Director, Morgan Guaranty Trust Company of New York, New York City. (4 years)

EDWIN D. HARRISON, President, Georgia Institute of Technology, Atlanta, Ga. (7 years)

FREDERICK L. HOVDE, President, Purdue University, Lafayette, Ind. (13 years)

GILBERT W. HUMPHREY, Chairman of the Board and Director, The Hanna Mining Company, Cleveland, Ohio. (14 years)

JOHN E. LAWRENCE, Partner, James Lawrence & Co., Boston, Mass. (12 years)

RALPH LAZARUS, Chairman of the Board and Director, Federated Department Stores, Inc., Cincinnati, Ohio. (6 years)

EDMUND W. LITTLEFIELD, President and Director, Utah Construction & Mining Company, San Francisco, Calif. (5 years)

GEORGE H. LOVE, Chairman of the Board and Director, Consolidation Coal Company, Pittsburgh, Pa. (19 years)

NEIL H. McELROY, Chairman of the Board and Director, The Procter & Gamble Company, Cincinnati, Ohio. (17 years)

DEAN A. McGEE, Chairman of the Board and Director, Kerr-McGee Corporation, Oklahoma City, Okla. (7 years)

HENRY S. MORGAN, Partner, Morgan Stanley & Co., New York City. (29 years)

JACK S. PARKER, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (Elected December, 1968)

GILBERT H. SCRIBNER, JR., President and Director, Scribner & Co., Chicago, Ill. (6 years)

ROBERT T. STEVENS, President and Director, J. P. Stevens & Co., Inc., New York City. (19 years)

HERMAN L. WEISS, Vice Chairman of the Board and Executive Officer, General Electric Company, New York City. (Elected December, 1968)

WALTER B. WRISTON, President and Director, First National City Bank, New York City. (7 years)

Management

The team of seasoned managers listed on this and the following page averages 51.8 years of age, with service averaging 26.2 years.

Corporate Executive Office

FRED J. BORCH, Chairman of the Board and Chief Executive Officer.

WILLIAM H. DENNLER, JACK S. PARKER and HERMAN L. WEISS, Vice Chairmen of the Board and Executive Officers.

Group Executives

HERSHNER CROSS, Vice President and Group Executive—Industrial Group.

W. DAVID DANCE, Vice President and Group Executive—Appliance and Television Group.

OSCAR L. DUNN, Vice President and Group Executive—Construction Industries Group.

HUBERT W. GOULDTHORPE, Vice President and Group Executive—Power Generation Group.

ROBERT W. LEWIS, Vice President and Group Executive—Power Transmission and Distribution Group.

GERHARD NEUMANN, Vice President and Group Executive—Aircraft Engine Group.

HILLIARD W. PAIGE, Vice President and Group Executive—Aerospace Group.

CHARLES E. REED, Vice President and Group Executive—Components and Materials Group.

DONALD D. SCARFF, Vice President and Group Executive—Consumer Products Group.

J. STANFORD SMITH, Vice President and Group Executive—Information Systems Group.

Corporate Staff Officers

ARTHUR M. BUECHE, Vice President—Research and Development.

VIRGIL B. DAY, Vice President—Industrial Relations.

ROBERT M. ESTES, Vice President—General Counsel and Secretary.

ROY L. JOHNSON, Vice President—Management Manpower Development.

REGINALD H. JONES, Vice President—Finance.

JOHN B. McKITTERICK, Vice President—Corporate Planning.

HALBERT B. MILLER, Vice President—Manufacturing.

DOUGLAS S. MOORE, Vice President—Marketing and Public Affairs.

PHILIP D. MOORE, Vice President—Employee Relations.

JAMES F. YOUNG, Vice President—Engineering.

Comptroller: ROBERT E. PFENNING.

Treasurer: PAUL E. WALLENDORF.

Aerospace Group

ROY H. BEATON, Vice President and General Manager—Electronic Systems Division.

L. BERKLEY DAVIS, Vice President and General Manager—Defense Programs Division.

CHARLES W. GEORGE, Vice President and General Manager—Aircraft Equipment Division.

MARK MORTON, Vice President and General Manager—Missile and Space Division.

Aircraft Engine Group

FRED W. GARRY, Vice President and General Manager—Aircraft Engine Technical Division.

EDWARD E. HOOD, JR., Vice President and General Manager—Commercial Engine Division.

FRED O. MacFEE, JR., Vice President and General Manager—Aircraft Engine Operating Division.

EDWARD WOLL, Vice President and General Manager—Military Engine Division.

RAMOND E. SMALL, General Manager—Aircraft Engine Support and Service Division.

Appliance and Television Group

JOSEPH H. GAUSS, Vice President and General Manager—Air Conditioning and Group Support Division.

IRVING L. GRIFFIN, Vice President and General Manager—Television Division.

DONALD W. LYNCH, Vice President and General Manager—Kitchen Appliance Division.

LESTER E. PANKONIN, Vice President and General Manager—Appliance and Television Distribution Finance and Service Division.

EDWARD L. STEHLE, Vice President and General Manager—Appliance and Television Sales Division.

STANLEY C. GAULT, General Manager—Refrigerator Products Division.

ARTHUR E. ANDRES, Deputy Division General Manager—Home Laundry Products.

HICKS B. WALDRON, Deputy Division General Manager—International Appliance and Television Operations.

Components and Materials Group

REUBEN GUTOFF, Vice President and General Manager—Chemical and Medical Division.

Management (continued)

FRED H. HOLT, Vice President and General Manager—Appliance Components Division.

LEONARD C. MAIER, JR., Vice President and General Manager—Electronic Components Division.

Construction Industries Group

RALPH B. GLOTZBACH, Vice President and General Manager—General Electric Supply Company Division.

ROBERT B. KURTZ, Vice President and General Manager—Contractor Equipment Division.

CARL W. MOELLER, Vice President and General Manager—Construction Materials Division.

J. RUSSELL MUDGE, Vice President and General Manager—Area Division, Far East.

J. HERBERT SMITH, President and Chief Executive Officer, and WALTER G. WARD, Executive Vice President—Canadian General Electric Company, Ltd. (an affiliate of General Electric Company).

Consumer Products Group

WILLARD H. SAHLOFF, Vice President and Consultant—Consumer Products Group.

ROBERT V. CORNING, Vice President and General Manager—Lamp Division.

DONALD E. PERRY, Vice President and General Manager—Consumer Electronics Division.

RUSSELL E. WHITMYER, Vice President and General Manager—Area Division, Latin America.

CHARLES G. KLOCK, President and General Manager—General Electric Credit Corporation (an affiliate of General Electric Company).

CECIL S. SEMPLE, General Manager—Housewares Division.

Industrial Group

S. WELLFORD CORBIN, Vice President and General Manager—Industrial Sales Division.

HARRY P. GOUGH, Vice President and General Manager—Area Division, Europe.

LOUIS T. RADER, Vice President and General Manager—Industrial Process Control Division.

LOUIS E. WENGERT, Vice President and General Manager—Constant Speed Drives Division.

ROBERT C. WILSON, Vice President and General Manager—Adjustable Speed Drives Division.

BRYCE W. WYMAN, Vice President and General Manager—Transportation Systems Division.

HOWARD D. KURT, Deputy Division General Manager—Process Measurement and Control.

BERTRAM W. MAHONEY, Deputy Division General Manager—Area Division, Europe.

Information Systems Group

JEROME T. COE, Vice President—Special Studies.

JOHN W. HAANSTRA, Vice President and General Manager—Information Systems Equipment Division.

ARTHUR E. PELTOSALO, Vice President and General Manager—International Information Systems Division.

RICHARD M. BLOCH, General Manager—Advanced Development and Resources Planning Division.

PAUL W. SAGE, General Manager—Information Services Division.

THOMAS A. VANDERSLICE, Deputy Division General Manager—Information Systems Sales and Service.

Power Generation Group

DONALD E. CRAIG, Vice President and General Manager—Large Steam Turbine-Generator Division.

MILTON F. KENT, Vice President and General Manager—Power Generation Sales Division.

A. EUGENE SCHUBERT, Vice President and General Manager—Nuclear Energy Division.

HOYT P. STEELE, Vice President and General Manager—IGE Export Division.

CLEMENT E. SUTTON, JR., Vice President and General Manager—Industrial and Marine Turbine Division.

GEORGE J. STATHAKIS, Deputy Division General Manager—Boiling Water Reactor Operations.

Power Transmission and Distribution Group

ROBERT B. AMES, Vice President and General Manager—Power Transmission Division.

CHRISTY W. BELL, Vice President and General Manager—Power Protection and Conversion Division.

CHARLES J. MELOUN, Vice President and General Manager—Power Distribution Division.

WILLIAM R. TACKABERRY, Vice President and General Manager—Power Transmission and Distribution Sales Division.

Regional Vice Presidents

JOHN R. CASEY, Mid-States.
THOMAS K. EDENFIELD, Southeastern.
WILLIAM B. FROGUE, Southwestern.
GEORGE L. IRVINE, Central.
HARRY M. LAWSON, Western.
F. CHARLES RULING, Atlantic.
JOHN A. SPENCER, Northeastern.

Vice President—Washington Corporate Affairs: LAURENCE I. WOOD.

Commercial Vice President: STEVEN C. VAN VOORHIS.

Employees

Worldwide employment by General Electric in 1968 totaled nearly 400,000. The average for U.S. employment was 305,165.

A third and final round of pay increases under terms of the three-year program initiated in 1966 went into effect late in the year for most hourly and non-exempt salaried employees. The 1968 increase included a 3% rise in hourly wage rates. An additional increase of 1.75% resulted from a cost-of-living adjustment.

These higher pay rates automatically increased the value of several GE benefit plans which tie benefits to earnings. Although adding substantially to employment costs, the 1968 increases help to maintain General Electric at competitive levels that will continue to attract and retain capable people.

Pictured at right: New directions in General Electric's people programs in 1968.

1. Programs to develop *qualifiable* people into fully qualified employees are exemplified by Charles Minor and George Stefanski of Hotpoint in Chicago. Both advanced to foreman in 1968 after receiving high school equivalency certificates through "Hotpoint High" in-plant classes.
2. Programs to tap the potentials of returning military men include both recruitment for professional positions and (shown) *Project Transition* training as appliance servicemen.
3. New opportunities for productive lives are being offered hundreds of young women at the Clinton, Iowa, Job Corps Center, managed by the General Learning Corporation, a GE and Time, Inc. venture.
4. The Company's donation of a former warehouse enabled Cleveland's Board of Education to undertake new occupational training for disadvantaged youths.
5. "Early identification" of managerial talent is an objective of the Management Manpower Development staff. In 1968 Harvin Au, born in China, became manager of the refrigerator-freezer plant in Bloomington, Ind.
6. A coordinated approach to college recruiting was introduced, whereby GE recruiting teams represent the Company as a whole. To the extent possible, they conduct all recruiting at a particular institution at the same time, seeking to win more top-quality students to GE careers. Activity at minority colleges has also been expanded with GE personnel calling regularly on predominantly Negro colleges.

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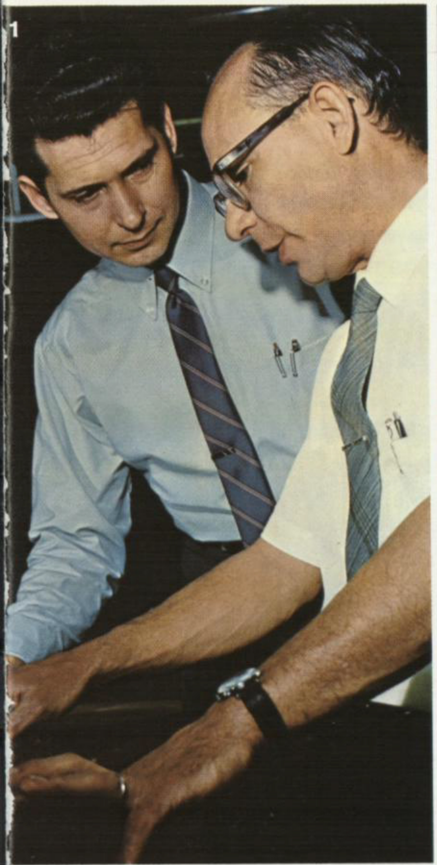

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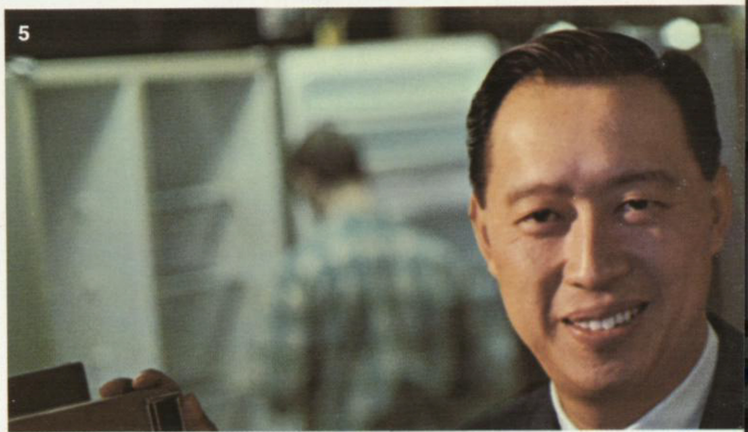

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1968 FINANCIAL SUMMARY

This summary comments on significant items in the financial statements on pages 29 and 30, generally in the same order as they appear in those statements. The accounting principles followed with respect to certain items appear throughout this summary in italics.

The consolidated financial statements *and accompanying schedules in this report include a consolidation of the accounts of the parent—General Electric Company—and those of all majority-owned affiliates (except sales finance affiliates). All significant intercompany items have been eliminated.*

Except for fixed assets and accumulated depreciation relating thereto, assets and liabilities of foreign affiliates have been translated into U.S. dollars at year-end exchange rates, and income and expense items have been translated at average rates prevailing during the year. Fixed assets and accumulated depreciation have been translated at rates in effect at dates of acquisition of the assets.

Net earnings *include those of sales finance affiliates and the consolidated group's share of earnings of those companies which were not consolidated but in which the group owned approximately 50% of the voting stock.*

In 1968, net earnings amounted to $357.1 million or $3.95 a share, a decrease of 1% from the prior year's earnings of $361.4 million or $4.01 a share. Factors affecting 1968 earnings are discussed in the Comments on pages 1 and 2.

Sales of products and services *are reported in operating results as title to products and materials passes to the customer and as services are performed as contracted.*

Sales of products and services to customers totaled $8,381.6 million in 1968, an increase of 8% over the prior year. Sales in each of the Company's four major product categories are shown on page 3. Products and services are discussed on pages 4 through 21 of this report.

Net earnings of General Electric Credit Corporation, a wholly-owned nonconsolidated sales finance affiliate, amounted to $15.4 million in 1968, an increase of 11% over 1967. The Credit Corporation's volume of financing increased by 12% in 1968 to $1,660.6 million.

The Credit Corporation's receivables less deferred income rose to $1,472.5 million at December 31, 1968. They consisted of $1,062.3 million in consumer time-sale and loan accounts, $388.0 million in commercial and industrial time-sale, loan and lease accounts, $114.4 million in inventory financing accounts, $62.1 million in Medallion home financing accounts and $17.9 million in foreign and other receivables, offset in part by $172.2 million of deferred income. Financial statements for the Credit Corporation are shown on page 35.

Other income includes income from marketable securities and miscellaneous investments, interest from customers and income arising from agreements for use of Company patents and know-how. In 1967, other income included receipt of $10.8 million, net of tax, recovered under the War Claims Act of 1948, for World War II losses incurred primarily in Europe.

Costs are classified in the consolidated statement of current earnings according to the principal types of costs incurred. Costs, classified as they were deducted from income, are shown to the right.

Employee compensation, including the Company cost of employee benefits, rose to a record $3,366.3 million in 1968.

The Company and its affiliates have a number of pension plans. Substantially all employees in the United States who have completed one year of service are participating in the General Electric Pension Plan, the accrued cost of which is funded through the General Electric Pension Trust. Company contributions to this Trust

(continued on page 31)

Independent Auditors' Report

To the share owners and board of directors of General Electric Company
We have examined the consolidated statement of financial position of General Electric Company and affiliates as of December 31, 1968, and the related statement of current and retained earnings for the year then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated statements present fairly the financial position of General Electric Company and affiliates at December 31, 1968, and the results of their operations for the year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Peat, Marwick, Mitchell & Co.

Peat, Marwick, Mitchell & Co.
Seventy Pine St., New York, New York
February 20, 1969

Costs

(In millions)

	1968	1967
Cost of goods sold	$6,251.7	$5,779.4
Selling, general and administrative expenses	1,482.1	1,320.9
Interest and other financial charges	70.5	62.9
Income taxes and renegotiation	312.3	320.5
	$8,116.6	$7,483.7

Consolidated Statement of Current and Retained Earnings

General Electric Company and consolidated affiliates

For the year	1968	1967
Income		
Sales of products and services to customers	$8,381,633,000	$7,741,233,000
Net earnings of General Electric Credit Corporation	15,359,000	13,782,000
Other income	70,940,000	77,607,000
	8,467,932,000	7,832,622,000
Costs		
Employee compensation, including benefits	3,366,281,000	3,081,695,000
Materials, supplies, services and other costs	4,062,360,000	3,694,329,000
Depreciation	300,141,000	280,418,000
Taxes, except those on income	78,245,000	69,592,000
Interest and other financial charges	70,461,000	62,874,000
Provision for income taxes and renegotiation	312,271,000	320,522,000
Increase (—) or decrease in inventories during year	— 31,453,000	22,302,000
Less employee compensation directly reimbursed by Atomic Energy Commission	— 41,755,000	— 48,039,000
	8,116,551,000	7,483,693,000
Earnings before interest of other share owners	351,381,000	348,929,000
Interest of other share owners in net results of affiliates	5,726,000	12,460,000
Net earnings applicable to common stock	357,107,000	361,389,000
Dividends declared	— 234,783,000	— 234,189,000
Amount added to retained earnings	122,324,000	127,200,000
Retained earnings at January 1	1,615,920,000	1,488,720,000
Retained earnings at December 31	$1,738,244,000	$1,615,920,000
Net earnings per share	$3.95	$4.01
Dividends declared and paid per share	$2.60	$2.60

The Financial Summary beginning on page 28 is an integral part of this statement.

Consolidated Statement of Financial Position

General Electric Company and consolidated affiliates

December 31	1968	1967
Assets		
Cash on hand and in banks	$ 285,580,000	$ 240,324,000
Marketable securities	87,745,000	96,794,000
Receivables	1,455,685,000	1,419,859,000
Inventories	1,482,108,000	1,450,655,000
Current assets	3,311,118,000	3,207,632,000
Investments and advances	353,589,000	347,909,000
Plant and equipment—less accumulated depreciation	1,677,651,000	1,495,019,000
Other assets	401,416,000	296,629,000
Total assets	$5,743,774,000	$5,347,189,000
Liabilities and equity		
Short-term borrowings	$ 280,600,000	$ 266,933,000
Accounts payable	418,805,000	425,003,000
Progress collections and price adjustments accrued	528,181,000	446,961,000
Dividends payable	58,718,000	58,494,000
Taxes accrued	216,542,000	255,330,000
Other costs and expenses accrued	601,435,000	524,645,000
Current liabilities	2,104,281,000	1,977,366,000
Long-term borrowings	749,075,000	724,091,000
Other liabilities	227,155,000	156,183,000
Miscellaneous reserves	129,675,000	109,332,000
Total liabilities	3,210,186,000	2,966,972,000
Interest of other share owners in equity of affiliates	40,140,000	38,037,000
Preferred stock (2,000,000 shares authorized; none issued)	—	—
Common stock (issued shares, $5 par value per share)	458,324,000	456,533,000
Amounts received for stock in excess of par value	296,880,000	269,727,000
Retained earnings	1,738,244,000	1,615,920,000
Share owners' equity	2,493,448,000	2,342,180,000
Total liabilities and equity	$5,743,774,000	$5,347,189,000

The Financial Summary beginning on page 28 is an integral part of this statement.

General Electric Pension Trust Operating Statement

(In millions)	1968	1967
Total assets—Jan. 1	$1,523.3	$1,415.3
Plus:		
Company contributions	50.5	55.6
Employee contributions	18.5	14.7
Investment income	90.9	74.3
Unrealized appreciation recognized	20.3	29.8
	1,703.5	1,589.7
Less pensions paid	– 73.0	– 66.4
Total assets—Dec. 31	$1,630.5	$1,523.3

Financial Position—Dec. 31

	1968	1967
Investments	$1,609.2	$1,493.2
Other assets—net	21.3	30.1
Total assets	$1,630.5	$1,523.3
Liability to pensioners	$ 503.6	$ 462.5
Reserve for pensions to participants not yet retired	1,126.9	1,060.8
Liabilities and reserves	$1,630.5	$1,523.3

Investments are carried at amortized cost plus unrealized appreciation recognized.

Market value of investments was $2,134.7 million on December 31, 1968.

Provision for Income Taxes and Renegotiation

(In millions)	1968	1967
U.S. Federal income taxes:		
Estimated amount payable	$329.5	$276.2
Effect of timing differences	– 61.2	0.5
Investment credit deferred—net	10.9	8.6
	279.2	285.3
Other income taxes and renegotiation	33.1	35.2
	$312.3	$320.5

(continued from page 28)

for 1968 were $50.5 million. Financial statements of the Trust appear at left.

Under the funding program in effect during 1967 and 1968, the estimated rate of future earnings on Trust assets was 6.0%. This rate was based on the Trust's current and projected investment experience and contemplates the systematic recognition of a portion of the unrealized appreciation in the common stock portfolio, which it is conservatively estimated will be available for the payment of pension benefits. In no event, however, will appreciation be recognized if the resulting book value of equity securities exceeds 75% of their average market value for the current and preceding two years. At the end of 1968 this ratio was 59%.

The actual earnings of the Trust for 1968, including the programmed recognition of appreciation, were equal to 6.2% of book value of the portfolio.

Unfunded liabilities of the General Electric Pension Plan are being amortized over a 20-year period beginning in 1967, and are estimated to be $20.0 million at December 31, 1968.

Depreciation amounted to $300.1 million in 1968 compared with $280.4 million in 1967. *Prior to 1962, depreciation applicable to U.S. assets was computed for statement purposes, using a straight-line method. In 1962, the Company adopted an accelerated method, based principally on a sum-of-the-years digits formula, which is used to depreciate equipment purchased in 1961 and subsequently. In addition, special depreciation is provided where equipment may be subject to abnormal economic conditions and obsolescence.*

Taxes, except those on income, amounted to $78.2 million in 1968, compared with $69.6 million in 1967. These taxes are mainly franchise and property taxes and exclude social security taxes (included with employee benefits).

Interest and other financial charges increased to $70.5 million in 1968 from $62.9 million in the previous year. This increase is largely attributable to the payment of interest, for a full year, on long-term debentures issued during 1967.

Provision for income taxes and renegotiation amounted to $312.3 million in 1968. Details of this amount are shown in the tabulation in the left margin.

Provision for U.S. Federal income taxes, in accordance with the recommendation of the American Institute of Certified Public Accountants, has been based on the income and costs included in the earnings statement shown on page 29.

The amount of U.S. Federal income taxes payable shown in the tabulation on the left is determined by applicable statutes and government regulations. The amounts shown as timing differences result from the fact that under these statutes and regulations some items of income and cost are not recognized in the same time period as good accounting practice requires them to be recorded. For many years the Company made provision for future increases in taxes payable as a result of these timing differences, but did not recognize future reductions. In accordance with procedures recommended by the AICPA, the Company now provides for U.S. Federal income taxes in the same accounting period as it records the transactions which give rise to either an increase or reduction of current or future tax liability. The provision for income taxes will be reduced in diminishing amounts over the next few years because of the adoption of this practice. The amount of timing differences in 1968 was unusually large because, among other things, provision was made for estimated future excess costs on nuclear turnkey projects mentioned on page 19. The net effect on 1968 earnings from this provision and from the new accounting practice on taxes was to increase earnings by $2.5 million.

Federal income taxes to be paid on undistributed earnings of foreign affiliates upon their transfer to the parent Company are believed not to be significant.

U.S. Federal income tax returns of the parent Company are settled through 1959.

The Company follows the practice of adding the investment credit to income over the life of the underlying facilities rather than in the year in which the facilities are placed in service. The investment credit amounted to $17.6 million in 1968, compared with $14.3 million last year. In 1968, $6.7 million was added to income compared with $5.7 million in 1967. At December 31, 1968 the deferred portion of the investment credit was $50.7 million and this will be added to income in later years. If the Company had flowed through the investment credit, this amount would have been included in 1968 and prior years earnings.

Renegotiation represents a net provision for that portion of earnings on sales to the U.S. Government which may later be claimed by the Government.

Total taxes, including income, franchise and property taxes, and renegotiation, were $390.5 million or $4.32 a share in 1968, 37 cents more than net earnings.

Interest of other share owners in net results of affiliates represents the interest of other owners in the net earnings and losses of consolidated affiliates not wholly owned by General Electric. In 1968, the consolidated affiliates in which other share owners had substantial holdings were generally those incurring losses. Variances in this account between periods result not only from changes in the affiliates' earnings but also from changes in the Company's percent of ownership in these affiliates.

Cash and marketable securities amounted to $373.3 million at the end of 1968, an increase of $36.2 million during the year. This compares with an increase of $8.5 million in 1967. *Marketable securities were carried at the lower of amortized cost or market value.* Carrying value was substantially the same as market value.

A summary of the application and source of funds is shown in the right margin.

Receivables, less reserve, totaled $1,455.7 million at December 31, 1968, an increase of $35.8 million over the balance at the end of 1967. Reserve for receivables amounted to $44.5 million at December 31, 1968, and $44.1 million at the end of 1967.

Long-term receivables less reserve are reported in other assets.

Inventories *were carried at cost, exclusive of certain indirect manufacturing expenses and intercompany profits. Substantially all inventories in the United States were valued on a last-in, first-out (LIFO) basis. Inventories outside the U.S. were valued generally on a first-in, first-out (FIFO) basis.*

At the end of 1968, inventories including raw materials, items in process of manufacture and products ready for sale totaled $1,482.1 million, compared with $1,450.7 million a year ago. Carrying value was not in excess of market.

Investments and advances amounted to $353.6 million at the end of 1968, an increase of $5.7 million during the year, and consisted of:

- Investment in General Electric Credit Corporation, carried at equity plus advances, amounted to $155.5 million at the end of 1968. The increase in this investment during 1968 represented the Credit Corporation's net earnings for the year less repayment of advances. Investments in other sales finance affiliates, also carried at equity plus advances, amounted to $2.0 million.
- Investment in General Electric common stock at the end of 1968 totaled $60.2 million, compared with $71.3 million at the end of 1967, and represented cost of 639,528 shares held for various corporate purposes. At year end, these shares had a quoted market value of $60.0 million.

The number of shares held by the Company at December 31, 1968, included 381,679 shares held for possible conversion of the bonds of General Electric Overseas Capital Corporation.

Application of Funds *(In millions)*

	1968	1967
Short-term applications:		
Receivables	$ 35.8	$208.4
Inventories	31.4	− 22.3
Payables to others	−113.0	−113.6
	− 45.8	72.5
Long-term applications:		
Plant additions	514.7	561.7
Depreciation taken	−300.1	−280.4
Other	− 10.4	− 0.7
	204.2	280.6
Net application of funds	$158.4	$353.1

Source of Funds

	1968	1967
Net earnings for year	$357.1	$361.4
Less dividends paid	−234.6	−234.2
	122.5	127.2
Cash and marketables	− 36.2	− 8.5
Short-term borrowings	13.7	− 19.4
Long-term borrowings	25.0	247.6
Newly issued common stock	33.4	6.2
Net source of funds	$158.4	$353.1

Corporate Uses of Treasury Shares in 1968:

Incentive Compensation Plan:	
Delivered to participants	45,172
Transferred under deferred provisions	73,627
Company contributions to General Electric Savings and Security Program	9,716
General Electric Savings and Stock Bonus Plan	14,081
Other awards to employees	362
Acquisition of Metropolitan Television Co., Denver, Colo.	121,475
	264,433

Plant and Equipment *(In millions)*

Major classes at Dec. 31	1968	1967
Land and improvements	$ 83.1	$ 78.8
Buildings, structures and equipment	985.6	915.8
Machinery and equipment	2,468.8	2,128.6
Leasehold costs and plant under construction	91.2	98.9
	$3,628.7	$3,222.1
Cost at Jan. 1	$3,222.1	$2,756.6
Additions	514.7	561.7
Dispositions	− 108.1	− 96.2
Cost at Dec. 31	$3,628.7	$3,222.1
Accumulated Depreciation		
Balance at Jan. 1	$1,727.1	$1,497.3
Current year provision	300.1	280.4
Dispositions	− 97.8	− 93.8
Other changes	21.6	43.2
Balance at Dec. 31	$1,951.0	$1,727.1
Plant and Equipment less Depreciation at Dec. 31	$1,677.7	$1,495.0

Other Assets *(In millions)*

December 31	1968	1967
Long-term receivables, less reserve	$129.5	$112.6
Recoverable design costs on government contracts	73.9	86.7
Deferred income taxes	59.6	—
Customer financing	38.4	18.0
Funds for employee benefit plans—per contra in other liabilities	31.6	26.5
Deferred charges	27.5	20.4
Loans and advances to employees	9.4	9.1
All other	31.5	23.3
	$401.4	$296.6

During 1968, 446,498 shares of the Company's stock were purchased principally through regular transactions in the securities market. 270,635 of these shares represented purchases made for the account of employees participating in the Savings and Security Program. Corporate uses of shares during 1968 are shown at left.

In addition, at December 31, 1968, the Company was holding for ultimate distribution to employees under the deferred compensation provisions of the Incentive Compensation Plan a total of 427,958 shares of General Electric common stock deferred during the years 1949 through 1968. These shares are carried under other assets as a part of funds for employee benefit plans. They are carried at market value at the time of their allotment, with an offset under other liabilities.

- *Investments in those companies which are not consolidated but in which the Company owns approximately 50% of the voting stock are valued at cost adjusted for changes in equity since acquisition.* The investment in such companies was $20.7 million at the end of 1968, compared with $23.8 million at the close of 1967.
- Miscellaneous investments (valued at cost) aggregated $124.8 million at the end of 1968, compared with $119.8 million at the end of 1967. On December 31, 1968, fair value of these investments was approximately $185 million.
- Reserve for investments amounted to $9.6 million at the close of 1968.

Plant and equipment, less accumulated depreciation, represents the original cost of land, buildings and equipment, including equipment leased to others, less estimated cost consumed by wear and obsolescence. Details of plant and equipment, and accumulated depreciation, are shown in the table to the left.

Other assets, less applicable reserve of $10.3 million, totaled $401.4 million at the end of 1968. Deferred income taxes includes $36.2 million applicable to current assets and liabilities. The principal items in other assets are shown at lower left.

Short-term borrowings, those due within one year, totaled $280.6 million at the end of 1968, compared with $266.9 million at the end of the preceding year, and represented principally borrowings from banks by the Company's foreign affiliates.

Accounts payable, consisting principally of amounts owing for materials and services supplied by others, amounted to $418.8 million at December 31, 1968. Included are payables representing collections from employees and other amounts being held temporarily by the Company.

Other costs and expenses accrued at the end of 1968 included payrolls accrued of $63.1 million and interest expense accrued of $11.9 million. The remaining costs and expenses accrued included liabilities for items such as replacements under guarantees, renegotiation, allowances to customers and employee benefit costs.

Long-term borrowings amounted to $749.1 million at December 31, 1968, compared with $724.1 million at the end of last year.

General Electric Company 5.30% Sinking Fund Debentures are due May 1, 1992, in the aggregate principal amount of $200.0 million. Sinking fund payments are required beginning in 1973. Interest is payable semiannually.

General Electric Company 5¾% Notes are due November 1, 1991, in the aggregate principal amount of $125.0 million. Mandatory prepayments are required beginning in 1972. Interest is payable semiannually.

The Company's 3½% Debentures are due May 1, 1976, with interest payable semiannually. Debentures having a face value of $13.9 million, and reacquired at a cost of $13.0 million, were retired during 1968 in accordance with the sinking fund provisions. Debentures outstanding at the end of 1968 amounted to $141.0 million after deduction of reacquired debentures with a face value of $48.0 million held in treasury for future sinking fund requirements.

General Electric Overseas Capital Corporation 4¼% Guaranteed Bonds due December 1, 1985, in the aggregate principal amount of $50.0 million, are convertible through November 30, 1975, into Company common stock at $131 a share. Sinking fund payments on any debentures not converted are required beginning in 1976. Interest is payable semiannually.

In 1968, General Electric Overseas Capital Corporation issued its 5½% Swiss Franc Bonds due November 30, 1983, in the aggregate principal amount of 60-million Swiss francs (equivalent to $13.7 million). Interest is payable annually.

The Corporation's 6¼% Deutsche Mark Notes are due July 1, 1971, in the aggregate principal amount of 100-million Deutsche marks (equivalent to $25.0 million). Interest is payable annually. The Corporation's 7½% Note is due October 3, 1976, in the aggregate principal amount of 15-billion lire (equivalent to $24.0 million). Mandatory prepayments are required beginning in 1971. Interest is payable annually.

All General Electric Overseas Capital Corporation borrowings are unconditionally guaranteed by General Electric Company as to payment of principal, premium, if any, and interest. Proceeds from these borrowings are being used to help finance the international operations of the Company and its affiliates.

Other long-term borrowings represent largely borrowings by foreign affiliates.

A summary of long-term borrowings is shown at the upper right.

Preferred stock, $1 par value, was authorized at the 1965 meeting of share owners. The Board of Directors is authorized to issue up to 2,000,000 preferred shares. No preferred shares had been issued at December 31, 1968.

Common stock, $5 par value, issued by the Company amounted to 91,664,804 shares at December 31, 1968, compared with 91,306,551 shares at the end of 1967. Authorized shares of common stock total 105,000,000. In 1968, 322,610 shares were issued for a portion of the requirements under the Savings and Security Program and 35,643 shares were issued under the Company's stock option plans.

Amounts received for stock in excess of par value increased $27.2 million, resulting from amounts received for newly issued shares in excess of par value ($31.6 million), reduced by net losses from the disposition of stock held in treasury ($4.4 million).

The Incentive Compensation Plan provides incentive for outstanding performance by key employees. Incentive amounts allotted vary in accordance with how well the year's objectives are met by the entire Company, by the organizational component for which the individual works and by the individual himself. Allotments made in 1968 for services performed in 1967 amounted to $22.5 million for 2,931 employees.

The Stock Option Plan, approved by the share owners in 1968 by 98.2% of the votes cast, and three previous similar plans, provided continuing incentive for more than 550 employees during 1968. The option price of grants under these plans is the full market value of General Electric stock on the date of grant. Therefore, participants in the plans do not benefit unless the stock's market price rises, thus benefiting all share owners. Also, in order to exercise options the employee must remain with the Company, since options may be exercised only after annual installments mature, which is generally over a period of nine years. Thus the plans encourage managers and professional employees to have the long-term entrepreneurial interest that will benefit all share owners.

The additional stock options granted during 1968 covered 183,558 shares. The shares deducted from original grants for such reasons as deaths, retirements and withdrawals totaled 37,146. Options for 877,976 shares outstanding at the end of 1968 were held by 576 individuals and 769,244 shares were available for the granting of additional options. A summary at the end of 1968 is shown at the right.

Long-Term Borrowings

		(In millions)
December 31	1968	1967
General Electric Company:		
5.30% Debentures	$200.0	$200.0
5¾% Notes	125.0	125.0
3½% Debentures	141.0	159.8
General Electric Overseas Capital Corporation Guaranteed Bonds and Notes	112.7	99.0
Other long-term borrowings	170.4	140.3
	$749.1	$724.1

Stock Options

			Installments		
Year of grant	Average option price	Net original grants*	Not yet exercisable	Exercisable but not yet purchased	1968 purchases
1957	$65.76	168,996	—	—	37
1958	64.88	50,473	—	—	10,420
1959	79.88	26,240	—	10,698	2,686
1960	78.63	66,339	6,179	39,090	2,789
1961	78.00	65,575	11,805	33,205	3,368
1962	72.75	44,843	13,301	18,137	2,556
1963	79.88	250,562	92,207	109,520	10,336
1964	90.63	125,176	65,019	52,994	3,451
1965	114.63	31,041	20,325	10,716	—
1966	97.50	113,414	87,212	25,990	—
1967	101.50	98,020	86,879	11,141	—
1968	95.75	183,558	183,558	—	—
		1,224,237	566,485	311,491	35,643

*After deductions for such reasons as deaths, retirements and withdrawals. Closing market price was $93.875 on December 31, 1968.

General Electric Credit Corporation—Consolidated Financial Statements

Financial Position December 31	1968	1967*
Cash and marketable securities	$ 64,360,000	$ 96,321,000
Receivables (including installments due after one year—1968—$738,000,000; 1967—$683,000,000):		
Time sales, loans and leases	1,515,522,000	1,376,578,000
Inventory and accounts receivable financing	116,628,000	117,977,000
Sundry receivables	12,555,000	11,136,000
Total receivables	1,644,705,000	1,505,691,000
Less: Deferred income	– 172,162,000	– 155,484,000
Reserve for losses	– 37,062,000	– 37,062,000
Net receivables	1,435,481,000	1,313,145,000
Furniture and equipment, less accumulated depreciation	4,333,000	3,760,000
Other assets	4,239,000	7,061,000
Total assets	$1,508,413,000	$1,420,287,000
Notes payable:		
Due within one year	$ 963,682,000	$ 880,557,000
Long-term—Senior notes	162,200,000	172,079,000
—Subordinated notes	105,000,000	113,639,000
Accounts and drafts payable	59,541,000	55,255,000
Deferred payments to sellers	54,091,000	51,887,000
U.S. and foreign income taxes	4,611,000	5,087,000
Other liabilities and deferred tax credits	12,393,000	10,247,000
Total liabilities	1,361,518,000	1,288,751,000
Capital stock	20,000,000	20,000,000
Retained earnings	126,895,000	111,536,000
Equity—held by General Electric Company	146,895,000	131,536,000
Total liabilities and equity	$1,508,413,000	$1,420,287,000

Current and Retained Earnings For the year	1968	1967*
Volume of financing and leasing	$1,660,636,000	$1,477,861,000
Earned income	$ 170,007,000	$ 152,697,000
Expenses—Operating and administrative	57,761,000	52,816,000
—Interest and discount	65,711,000	55,163,000
—Provision for losses on receivables	14,569,000	17,548,000
—Income taxes	16,607,000	13,388,000
Net earnings	15,359,000	13,782,000
Retained earnings at January 1	111,536,000	97,754,000
Retained earnings at December 31	$ 126,895,000	$ 111,536,000

*Certain 1967 amounts have been reclassified for comparative purposes.

TEN YEAR SUMMARY

1968 marked the 30th anniversary since General Electric introduced fluorescent lighting. Developed principally in the lighting laboratories of the Company's Lamp Division, the fluorescent tube has grown up to take a place second only to the sun as the greatest source of light. Fluorescents now produce more than two-thirds of the illumination from all electric sources in the U. S. As an industry, fluorescents have grown to an annual production of 235 million lamps having a list value of $330 million. General Electric continues to make improvements. A new 40-watt line of fluorescents introduced during 1968 increases the amount of light from each watt of electricity consumed—77 lumens, or units of light, compared with an efficiency of only 35 lumens from the lamps of 1938.

On worldwide basis of consolidation	**1968**
Sales of products and services	$8,381.6
Net earnings	357.1
Net earnings per share	3.95
Earnings as a percentage of sales	4.3%
Earned on share owners' equity	14.8%
Cash dividends declared	$ 234.8
Dividends declared per share	2.60
Dividends paid per share	2.60
Average number of shares outstanding	90,325,683
Average number of share owners	530,099
Current assets	$3,311.1
Current liabilities	2,104.3
Total assets	5,743.8
Share owners' equity	2,493.4
Plant and equipment additions	$ 514.7
Depreciation	300.1
Total taxes and renegotiation[(a)]	390.5
Total taxes per share	4.32
Average number of employees (United States only)	305,165

(a) Excludes certain excise and sales taxes, which are not included in sales or costs, and social security taxes, which are included with employee benefits.

Dollar amounts in millions; per-share amounts in dollars

1967	1966	1965	1964	1963	1962	1961	1960	1959
$7,741.2	$7,177.3	$6,213.6	$5,319.2	$5,177.0	$4,986.1	$4,666.6	$4,383.2	$4,466.5
361.4	338.9	355.1	219.6	272.2	256.5	238.4	218.7	277.6
4.01	3.75	3.93	2.44	3.05	2.89	2.70	2.49	3.18
4.7%	4.7%	5.7%	4.1%	5.3%	5.1%	5.1%	5.0%	6.2%
15.9%	15.7%	17.5%	11.5%	14.9%	15.0%	14.8%	14.3%	19.5%
$ 234.2	$ 234.6	$ 216.7	$ 197.7	$ 183.1	$ 177.5	$ 176.4	$ 175.5	$ 174.3
2.60	2.60	2.40	2.20	2.05	2.00	2.00	2.00	2.00
2.60	2.60	2.30	2.20	2.00	2.00	2.00	2.00	2.00
90,133,132	90,304,736	90,316,825	89,916,726	89,384,229	88,802,355	88,292,109	87,776,272	87,200,715
529,410	529,912	521,230	516,402	503,516	446,919	440,938	416,950	404,431
$3,207.6	$3,013.0	$2,842.4	$2,543.8	$2,321.0	$2,024.6	$1,859.7	$1,846.6	$1,904.7
1,977.4	1,883.2	1,566.8	1,338.9	1,181.9	1,168.7	1,086.6	960.0	1,007.0
5,347.2	4,851.7	4,300.4	3,836.0	3,502.5	3,349.9	3,143.4	2,938.8	2,909.2
2,342.2	2,211.7	2,107.0	1,944.2	1,889.2	1,764.3	1,654.6	1,568.5	1,494.1
$ 561.7	$ 484.9	$ 332.9	$ 237.7	$ 149.2	$ 173.2	$ 179.7	$ 166.2	$ 97.0
280.4	233.6	188.4	170.3	149.4	146.0	131.6	125.1	123.7
390.1	409.1	403.8	277.3	331.4	298.7	289.9	234.1	317.6
4.33	4.53	4.47	3.08	3.71	3.36	3.28	2.67	3.64
296,258	290,825	257,903	242,895	244,896	243,112	234,855	236,250	231,977

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